Austria Sch22	Indonesia ... Rp3100	Portugal Esc100
Bahrain ... Din0.650	Israel IS3.50	S.Arabia Rs7.00
Belgium BFr48	Italy L1600	Singapore .... S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils500	Sri Lanka Rs30
Denmark .. DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt .... E£2.25	Lebanon .. SL125.00	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan .... NT$85
France FFr6.50	Malaysia ... Rin4.25	Thailand Bht50
Germany ... DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong ... HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway ... NKr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,495 Tuesday March 22 1988 D 8523 A

US farms: The parts Reaganomics did not reach, Page 14

World News

Panamanian general strike takes hold

A general strike against military leader Manuel Antonio Noriega closed about 90 per cent of shops, businesses and industrial plants in Panama City despite a government order for soldiers to keep businesses running.

The strike was called by the Civic Crusade, a grouping of 200 business and labour groups led by the Chamber of Commerce, which said the strike would continue until the fall of Noriega. Page 4

Sandinistas and Contras declare truce for talks

Nicaragua's Sandinista Government and US-backed Contra rebels agreed to halt military operations against each other during peace talks.

The talks, at a southern Nicaraguan border post, were the first held in Nicaragua. Page 4

Sharpeville stoppage

Millions of black workers and students took part in a mass work stoppage and stayaway to mark the anniversary of the 1960 Sharpeville massacre when 69 blacks were shot dead by police. Page 3

Gaza Strip killing

A Palestinian was shot dead in the Gaza Strip during a day of protests and clashes called by clandestine leaders of a Palestinian uprising who urged more attacks on Israelis. Page 3

Explosions in Tokyo

Two explosions rocked part of central Tokyo and police said one was apparently caused by a bomb under a car parked near the Israeli embassy. There were no reports of casualties

Suharto shuffle

President Suharto of Indonesia announced sweeping cabinet changes, replacing the Defence, Foreign, Energy and Interior ministers and quashing speculation of a rift between the military and government. Page 3

N-plant blockade

About 5,000 workers, worried about their jobs, blocked a road and railway line near the construction site of a nuclear plant at Montalto Di Castro, north of Rome.

Dissidents' call-up plea

More than 400 dissidents from the Soviet Union, Hungary, Czechoslovakia, Poland, East Germany and Yugoslavia issued a joint appeal for the right to refuse military service.

N. Korea combat alert

A US naval battle group arrived in South Korea as North Korea put its troops on full combat alert, denouncing the annual war games in the South as an "extremely dangerous test nuclear war exercise."

Soviet Tatars protest

About 2,000 Tatars shouting slogans marched through the city of Simferopol and held a three-hour rally to demand a return to their historic homeland in the Crimea, a dissident editor said in Moscow. Hard line on Armenian demands, Page 2

Danes halt FAO funds

Denmark said it would immediately withhold financial support from the Rome-based UN Food and Agriculture Organisation pending reform of the agency. Page 2

Beirut blast

At least one person was killed and 13 injured when a bomb demolished a four-storey building in Moslem west Beirut.

Acid rain charge

Britain's EC partners accused it of blocking all progress towards curbing acid rain, blamed for killing Europe's forests and poisoning its lakes. Page 2

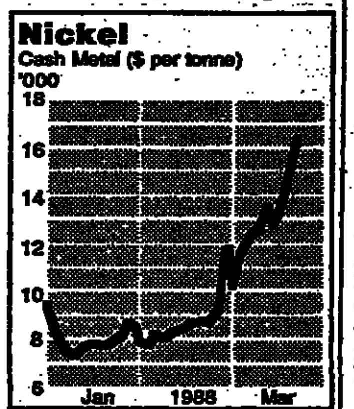
Business Summary

French sugar producer in rival bid for Buitoni

ST LOUIS, French sugar producer, has made a counter-offer for Carlo de Benedetti's Buitoni pasta and chocolate group, which was the subject of a takeover bid by Nestlé, Swiss food giant, last week. Page 14

NICKEL: The cash price soared to a record $7.48 a pound or $16,500 a tonne on the London Metal Exchange following news

Nickel
Cash Metal ($ per tonne)
'000



that stocks had fallen by another 534 tonnes last week to 1,938 tonnes. This is the lowest level since September 1982.

Page 24

LONDON: Sterling's strength and the early setback on Wall Street kept international favourites subdued, and the FT-SE 100 index ended off 14.4 at 1,841.1. Page 38

TOKYO: The stock exchange was closed for Vernal Equinox Day.

WALL STREET: The Dow Jones industrial average at 2pm was down 24.54 at 2,062.83. Page 42

DOLLAR closed in London at DM1.6900 (DM1.6975); Y126.95 (Y128.35); FFr5.7400 (FFr5.7650); SFr1.3995 (SFr1.4055). Page 25

STERLING closed in London at $1.8265 ($1.8325); DM3.0875 (DM3.09); Y231.75 (Y233.75); FFr10.4850 (FFr10.4950); SFr2.5550 (SFr2.5575). Page 25

ALFA-LAVAL, Swedish dairy equipment and process engineering group, reported a 10 per cent rise in profits to SKr801m ($134m). Sales increased 11 per cent to SKr11.32bn.

ROBERT Holmes à Court, Australian financier, has withdrawn a takeover offer by Bell Resources, the key company in his empire, for its parent Bell Group after a joint bid emerged from rival Australasian entrepreneurs Ron Brierley and Kerry Packer. Page 14

ENRIQUE IGLESIAS, president-elect of the Inter-American Development Bank, called for a new spirit of co-operation to enable the bank to play a larger role in Latin American economies. Page 14

GLAVERBEL, Belgian glass-maker, has bought a 20 per cent stake in AFG Industries of the US, giving its major shareholder, Asahi of Japan, entry to the US market. Page 15

MOSCOW is to seek listing for a number of Soviet companies on the Helsinki Stock Exchange, which would be the first time Soviet companies had floated a share issue to Western investors. Page 2

APPLE, US-based personal computer manufacturer, has established a research and development centre in Paris, its first outside the US. Page 2

SCANDINAVIAN Airlines System is selling its Air de Cologne parcel delivery service to TNT, the Australian transport group. Page 4

AGA, Swedish industrial gas company, has joined forces with two Swedish forestry companies to bid SKr5.7bn ($950m) for shares in Graningeverken, hydro-electric power and forestry company. Page 16

CATHAY PACIFIC Airways, Hong Kong-based international carrier, boosted net profits last year to HK$2.12bn (US$271.8m), up more than 70 per cent on 1986 profits of HK$1.23bn. Page 18

Britain and Ireland to step up efforts to control violence

BY MICHAEL CASSELL IN LONDON AND KIERAN COOKE IN BELFAST

EFFORTS to stem the escalating cycle of violence in Northern Ireland will be stepped up later this week at a meeting of British and Irish ministers convened under the Anglo–Irish agreement.

Mr Tom King, the UK Northern Ireland Secretary, told the House of Commons yesterday that further improvements in cross-border security co-operation, aimed at defeating terrorism, would be at the top of the agenda.

He also announced an immediate review of policy governing the policing of funerals in the province, following the recent spate of murders committed during funeral ceremonies from which the police were absent. The latest involved the killing at the weekend of two soldiers during the funeral of an IRA man in Belfast.

The venue and date for the meeting has yet to be fixed but it will be attended by Mr King, Mr Gerry Collins, the Irish Justice Minister, Sir John Hermon, the Chief Constable of the Royal Ulster Constabulary, and Mr Eamonn Doherty, the Commissioner of the Garda, the Irish police force.

Although there are no plans at present for a meeting between Mrs Margaret Thatcher, the British Prime Minister, and Mr Charles Haughey, the Irish Premier, such talks have not been ruled out. They are likely to depend on progress made in discussions between the two countries at ministerial level.

Mr King, in a statement following the murder of the two soldiers – which he said had "shocked the world" – announced that the review into the policing of funerals was being carried out by Sir John.

King: war on terrorism

Mr King, who yesterday discussed the latest situation with Mrs Thatcher, pledged his full support for the Chief Constable's recent decisions on policing and denied that they had been subject to any political interference.

He said later that there would be no announcement of any new policing code at the end of the review. Any changes in approach would become apparent during future funerals, he said.

Even so, there is mounting political pressure at Westminster, particularly among a significant number of Tory backbench MPs, for the Government to adopt a tougher stance on the current Ulster crisis, in particular in respect of funerals and on the wider question of alleged "no go" areas in Northern Ireland. There were also calls from Ulster Unionists not to hand the streets over to the IRA.

Mr King, who said there were no plans for stepping up the army presence in Ulster, also denied suggestions that the security forces had been prevented from intervening in an attempt to save the two Royal Corps of Signals corporals. Efforts to rescue them had been foiled by large crowds and a long funeral cortège.

Mr King stressed that the soldiers had no reason to be in the vicinity of the IRA funeral. The route they used was not approved at any time for soldiers not on active duty. The most likely explanation was that they had decided to take the shortest route back to their base.

"It will probably never be known why they were there," he added.

He confirmed that two men were in custody after Saturday's shootings and that a "massive" murder hunt was under way. Police are now trying to identify the large number of people involved in the attack and subsequent killings. Charges could include abduction, grievous bodily harm and riot.

Mr Kevin MacNamara, Northern Ireland spokesman for the British Labour Party, pledged his party's support to the RUC's recent "sensitive" approach to policing funerals and called on Mrs Thatcher to resume the "key interest" in Northern Ireland affairs which led to the signing of the Anglo-Irish agreement.

In Belfast, Mr Gerry Adams, leader of Sinn Fein, the IRA's political wing, said Mr King had ignored several facts about events on Saturday.

"To all intents and purposes it (the soldiers presence in the midst of an IRA funeral) looks like another kamikaze attack," he said.

In Dublin, the Irish Govern-

Continued on Page 14

Gruesome litany, Page 6; editorial comment, Page 12

TENSE CALM IN THE BATTLE ZONE

BY KIERAN COOKE IN BELFAST

ANDERSONSTOWN ROAD in West Belfast is a picture of surban peace and serenity as befits a sunny spring afternoon.

Children are being assisted across the road and an ice cream van chimes its message of invitation to passers-by.

Yet on Saturday, two soldiers were brutally killed on this spot.

Yesterday's sun could not hide the grimness of the scene. Burnt out vehicles, most of them set on fire in rioting after the Milltown cemetery killings last week, litter the pavements. All shops have thick grilles over their windows. Many have been burnt out or are bolted and barred. IRA graffiti is everywhere.

No one knows what will happen next in West Belfast.

"We just live hour by hour," says the manager of a betting shop.

Black taxis, which ply up and down the streets of West Belfast, are stopped and searched at reinforced army and police checkpoints.

Many are said to be run by the IRA and others by the Ulster Defence Association.

On Saturday, several black taxis had hemmed in the soldiers' car, preventing their escape.

In the "hard green" (republican) housing estates of Ballymurphy, Turf Lodge and Springhill, there are new, garishly painted murals commemorating the "Martyrs of Gibraltar."

Some politicians have called for a raid into West Belfast and mass arrests after Saturday's murders. But mayhem would be the result.

Many people are still clearly shocked by the brutality of the soldiers' deaths. But they are also embittered by the way a loyalist bomber murdered three funeral mourners at the Milltown cemetery last week.

West Belfast is a battle zone: it is accustomed to a permanent state of siege. On the Shankhill Road, the graffiti of hatred has already appeared – "Milltown 3, IRA 0."

Yesterday, on the Catholic Falls Road, there was the sickening "IRA 2, SAS 0." Today it had been blacked over.

A gruesome litany, Page 5

Bonn finally clears way for sale of state stake in Volkswagen

BY ANDREW FISHER IN FRANKFURT

THE ON-OFF sale of the West German Government's remaining minority stake in the Volkswagen motor group is finally on again this week against a background of an improving stock market, a more buoyant economy and stronger than expected European car sales.

With a mounting budget deficit, the Government has been keen to unload its 4.8m shares, representing 16 per cent of the motor group's total capital, and 20 per cent of the votes. At the sale price of DM238 per share, announced by the Finance Ministry yesterday, the deal will raise just over DM1.1bn ($648m).

Last October's worldwide stock market collapse forced the Government to hold back from its planned VW share sale. A month earlier, it had said that the issue would take place in 1987. This was after VW's currency fraud scandal, which came to light a year ago, had forced a reversal of the initial sale plan.

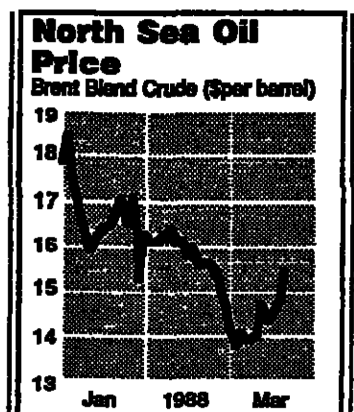
The decision to go ahead comes after a period of renewed strength in German share prices. Economists are also generally more optimistic about this year's economic growth, especially in view of the milder winter.

VW has said it expects 1987 earnings, to be announced in a few weeks, to emerge at around 1986 levels. Mr Carl Hahn, chairman, said at the weekend that a newly launched version of the mid-range Passat car would lift market share and help secure VW's position as Europe's leading car maker.

Analysts thought the pricing of the share sale not overly generous, however. It compares with a closing price on Friday of DM 244.50. "It's quite tight," said Mr Stephen Reitman, European Motors analyst with London stockbrokers Phillips and Drew, who noted, however, that the Government would not want to lay itself open to the charge of selling its shares too cheaply. But he thought Thursday's sale, handled by a consortium led by Dresdner Bank, would pass off smoothly enough.

Yesterday, the shares fell in after hours trading to around DM 238, but then picked up to just over DM 240, still some DM 100 lower than pre-crash levels. The privatisation of the Federal Government shares will not affect those held by the regional state of Lower Saxony, in which VW's Wolfsburg headquarters lies. The state owns as many shares as the Government and intends to keep them.

North Sea Oil Price
Brent Blend Crude ($per barrel)



Oil price rises amid hopes of end to glut

By Steven Butler in London

OIL PRICES rose to their strongest level in weeks yesterday amid rising optimism among traders that a recent surplus of crude oil supplies was easing.

Prices for dated Brent cargoes moved up 37½ cents to $15.29½, while discounts for dated cargoes compared to forward contracts disappeared. At the New York Merchantile Exchange, April contracts for light crude traded at over $17 briefly in the morning, before settling to about $16.95 in mid-day trading, a gain of 37 cents.

Traders said that no single factor accounted for the broad change in sentiment, but that the market was now reacting strongly to positive news while discounting negative factors.

Crude oil supplies were threatened by attacks at the weekend on Iran's Kharg Island terminal and by continued escalation of the tanker war in the Persian Gulf. Continued turmoil in Panama also threatened to cut off the flow of crude through the canal.

Traders were said to have covered short positions in advance of today's statement by Mr Rilwanu Lukman, president of the Organisation of Petroleum Exporting Countries (Opec).

It has been suggested that Mr Lukman may call a meeting of the Opec pricing committee, although the possibility that Mr Lukman will offer definite plans to shore up prices was broadly dismissed, particularly in the face of Saudi opposition to a hasty Opec meeting.

The price increases came in the face of fresh evidence of discounting by Saudi Arabia, which is now reported to have granted market-related prices to BP and Shell. The two companies take delivery on up to 400,000 barrels a day of Saudi oil as part of a barter deal and for the first time extend recent discounting to European buyers.

Traders said the firming of prices followed a seasonal pattern delayed by excess oil stocks.

51 feared dead in escalation of tanker war

FIFTY-ONE seamen are feared dead after Iraqi aircraft attacked two Iranian supertankers in what may be the worst attack on shipping in the Gulf War, shipping sources told Reuters in Oslo yesterday.

Aage Bolstad – of Singapore-based Viking Management, which manages one of the tankers – told Norwegian radio by telephone from the Gulf yesterday that 51 crewmen were missing and presumed dead. Only four are known to have survived the Saturday attacks.

Oslo shipping sources, in touch with Norwegians holding financial stakes in the vessels, said dozens of Iranians at the Kharg Island oil terminal, where the ships were hit by Iraqi missiles as they prepared to load oil, were killed or injured. Both vessels, the 316,739-tonne Avaj and the 253,387-tonne Sanandaj, are owned by the National Iranian Tanker Company and were still on fire yesterday.

The shipping sources said a Swedish officer was among the missing and that the four who survived were Filipinos. There was no word on the nationality of other casualties or on how badly the Iranian terminal had been damaged.

The Norwegian report is the first independent confirmation of Iraqi claims that it caused severe damage and casualties in the raid. If the death toll is confirmed, the attack would be the worst on merchant shipping since the tanker war began in earnest in 1984. Twenty-one crewmen on the Norwegian-managed tanker Susangird were killed last December in an Iraqi attack, the biggest confirmed loss of life.

Norwegian financial backing is strongly represented in the management of both ships. Norwegian shippers have a stake in about 20 per cent of all Gulf merchant traffic.

● A small Spanish cargo vessel was hit by Iranian missiles in the southern Gulf yesterday, the Spanish Transport Ministry said in Madrid. No one was injured in the Strait of Hormuz attack, which damaged the 10,168-tonne Iberian Reefer, a refrigerated cargo vessel.

An Iranian launch approached the Iberian Reefer, asked the captain the nationality of the boat and its cargo and then retreated to about 100 metres, from where it fired eight missiles, the spokesman said. Five missiles hit the vessel, but it was able to continue under its own power.

Earlier yesterday, Gulf shipping sources said Iranian gunboats attacked the Japanese-owned Liberian tanker Fumi near the Strait of Hormuz. There were no reports of casualties.

● Iranian authorities yesterday showed correspondents several dozen hospital patients in Tehran who they said were Iraqi civilians injured by chemical weapons used by Iraq on its own territory.

France and W Germany hail better monetary ties

BY DAVID MARSH IN BONN

THE WEST GERMAN and French finance ministers last night praised improved monetary co-operation between their two countries in the wake of last October's stock market crash.

But the first meeting here of the Franco-German Finance Council set up in January agreed to postpone until a further meeting before the summer in Paris discussion on a range of potentially divisive currency matters concerning the European Monetary System (EMS).

Speaking to journalists at the end of the 3½ hour exchange of views, which stretched on over dinner, Mr Gerhard Stoltenberg, the West German Finance Minister, said Western economies had shown fresh growth since the bourse collapse, with international currency co-operation helping to overcome a period of world economic uncertainty.

He termed the first meeting of the council, grouping finance and economy ministers and central bank governors from the two countries, as well as other top officials as "very concentrated and constructive."

Mr Edouard Balladur, his French counterpart, said the meeting had been "efficient and useful" and attempted to bring together French and German points of view on a variety of subjects. He stressed this exchange of opinions would now pave the way for a discussion of the possibilities of setting up a common European central bank, but declined to go into details.

Mr Balladur in recent months has put forward proposals for moving towards the common central bank and European monetary union which the West Ger-

Continued on Page 14

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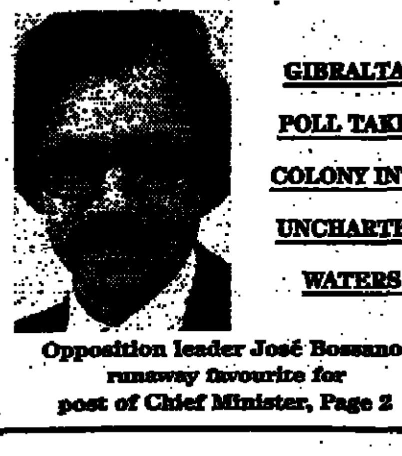


GIBRALTAR POLL TAKES COLONY INTO UNCHARTED WATERS

Opposition leader José Bossano, runaway favourite for post of Chief Minister, Page 2

EC in fierce attack on UK over pollution

BY WILLIAM DAWKINS IN BRUSSELS

THE BRITISH Government was fiercely criticised yesterday by its European Community partners for continuing to block long delayed moves to cut air and water pollution.

An angry meeting of EC Environment Ministers was forced to abandon attempts to agree on cutting sulphur dioxide emissions from power plants - widely held to be a cause of acid rain - because of the UK's lone opposition.

Yesterday evening, they remained deadlocked over other proposals for tougher controls on water pollution by chromium, a poisonous by product of electroplating, and chloroform, widely used to sterilise tapwater. Again the UK provided the main obstacle, though Denmark and Spain also have problems with the water proposals.

The impasse was particularly painful for the European Commission, which had been looking for progress in the three-year long wrangle over power plants to celebrate yesterday's formal end to the European Year of the Environment.

"We seem to have taken a big step backwards. We thought we were involved in a real negotiation, but now find ourselves in deadlock," said an angry Mr Stanley Clinton Davis, European Commissioner for the environment. The UK's opposition was "quite extraordinary at a time when everyone recognises the damage caused by power station emissions," he said.

Lord Caithness, the junior environment minister representing the UK, was attacked by Mrs Miet Smet, his Belgian counterpart, for trying to "dictate" to the meeting and adopting a "totally unreasonable attitude." Britain was failing to attempt a compromise on the power plant proposal when "all 11 other governments agree on the essential questions," complained Mr Clemens Stroetmann, West Germany's environment secretary.

The blockage came despite a West German compromise plan for a three stage reduction in sulphur dioxide emissions, to reach a 70 per cent cut by 2003. This would be achieved by converting existing plant and setting tough new standards for plants producing more than 50MW - surprisingly tougher than an earlier compromise - Bonn is proposing.

Lord Caithness insisted that he could not even discuss the other details unless the plant size for complying with the directive was doubled to 100 MW, in line with a different compromise aired by Denmark last year. He said just 2 per cent of power plant sulphur emissions came from plants between 50 MW and 100 MW and that it would be prohibitively expensive to fit smaller plants. However, he denied suggestions that the privatisation of the UK electricity supply industry played a part in Britain's opposition to the directive.

The UK was already spending more than £2bn on fitting three large plants with desulphurisation equipment, more than any other member state except West Germany, said Lord Caithness.

Belgium coalition talks may end soon

By David Buchan in Brussels

MR Jean-Luc Dehaene, appointed in January to try to arrange a new coalition government for Belgium, was yesterday asked by King Baudouin to bring his two months of negotiations to a head by the end of this week.

Clearly increasing the pressure on the five political parties involved in the coalition talks, Mr Dehaene said yesteray he would make a final report to the king "in less than a week" on his negotiations. Under the caretaker administration of Prime Minister Wilfried Martens, the country has now been without a proper government for 98 days, a near record even for Belgium.

After a solid weekend of talks with the five party leaders closeted in a Brussels chateau, Mr Dehaene said that on economic policy issues, "there was sufficient basis for agreement to give the assurance that in the course of subsequent formal negotiations no fundamental problems would arise". He could not say the same of the far trickier constitutional issues of how to devolve responsibility for matters like education onto the regions and how to settle linguistic disputes.

Last December's election brought to end six years of coalition government between the centrist Christian Democrats and right-wing Liberals presided over by Mr Martens. The election's main result was to make the socialists the largest single grouping, with big gains in French speaking Wallonia. Mr Martens tendered his resignation because he had found the socialists a difficult partner in government before 1981 and said he did not want to repeat the experience.

Poland may use special powers to back reforms

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND is considering the introduction of special powers aimed at countering bureaucratic resistance to economic reforms as well as curbing inflation, General Wojciech Jaruzelski, the country's Communist Party leader said yesterday.

Speaking to a congress in Warsaw of the Peasant's Party, which plays a minor role in government, the general also warned western countries that Poland would be demanding easier conditions for repaying its $39bn external debt.

The general criticised the west for "continuing to impose conditions" while failing to provide fresh loans to Poland. This had "gone on long enough," he said.

On the theme of economic reform Gen Jaruzelski said the party leadership would be analysing the country's situation at the end of this month and if necessary "special powers" will be enacted.

These would give the government's economic reform committee headed by Mr Zdzislaw Sadowski, deputy premier and an avowed reformer and non-party member, the right to speed up the introduction of changes as well as dismiss those held responsible for failing to implement current programmes.

The move would come a few weeks before the arrival in Poland of an IMF team due to examine whether last autumn's

Jaruzelski: trying to counter bureaucratic resistance

reform programme was yielding results and if so recommend a start on talks for a standby credit for Warsaw.

One example of the problems the reform programme is facing is the row over handing over to the provinces responsibility for enterprises from central government.

Acting in line with official policy earlier this year, the provinces asked for control of 1,820 companies but ministries agreed to hand over just 366.

At yesterday's congress Mr Roman Malinowski, the Peasant Party leader, repeated farmers' complaints about a relative fall in their incomes in relation to urban salaries as well as the diminishing share of industrial output devoted to farmers' production needs.

Car sales forecast to decline in Europe

By Kevin Done, Motor Industry Correspondent

EUROPEAN new car sales are only expected to fall marginally in 1988 from last year's record level of 12.3m according to a worldwide automotive forecast by Data Resources (DRI).

New car sales are forecast to total around 12.07m in 1988. DRI has revised upwards its earlier 1988 forecasts and says that any marked downturn in the car market is unlikely to occur before next year.

European sales are forecast to decline next year by around 4.7 per cent to some 11.5m cars before slowly recovering in the early 1990s to reach around 12.3m in 1992.

Despite the DRI forecast the evidence from most European car markets in January and February shows new cars sales continuing to rise strongly with industry estimates indicating a jump in sales in the first two months of the year of around 11.5 per cent.

DRI says that the downturn in the new car market in 1989 will reflect the trend in domestic demand, primarily private consumption.

It suggests that the rate of growth in private consumption in the four leading European economies will fall from 3.4 per cent in 1987 to 2.7 per cent in 1988 and 2 per cent in 1989.

At the same time new car prices had increased sharply in 1987 compared with inflation in most markets with the exception of Italy. At the same time several manufacturers have old models to defend before new model launches.

Increased price competition would sustain the market in 1988, and this would hit profitability after the boom year in 1987. West European car production which reached a peak of 12.5m vehicles last year could decline to 12.3m in 1988 with a further fall to 11.9m in 1989.

DRI forecasts that new car sales in the US could decline marginally again in 1988 to around 9.98m following the sharp fall of 10.7 per cent in 1987 to some 10.23m units.

New car sales in Japan are forecast to rise to 3.35m from 3.27m last year and 3.15m in 1986. DRI suggests that exports of built-up cars from Japan will fall by almost 4 per cent this year to some 4.33m units, as the offshore assembly of Japanese kits continues to grow and export markets shrink. Exports fell by 1.4 per cent last year to 4.51m units.

As the Japanese car makers continue to internationalise their production, their exports of built-up cars would continue fall.

Data Resources Inc., World Automotive Forecast Update, February 1988, DRI Europe, 30 Old Queen Street, St James Park, London SW1H 9HP

W German parties play down poll upset

BY DAVID GOODHART IN BONN

EACH of West Germany's four main national political parties yesterday sought to explain away their reduced percentage of the popular vote in the latest state election in Baden-Wuerttemberg.

The Christian Democratic Union, which dominates the coalition Government in Bonn, held onto its overall majority of seats in the state parliament and will thus not have to form a coalition with the Free Democrats. But it was only the small parties of the far right which increased their share of the vote - from 0.5 per cent in 1984 to 5.1 per cent.

Baden-Wuerttemberg was the scene of the last serious revival in the electoral fortunes of the far right when the neo-Nazi NPD won 9.8 per cent of the vote in the late 1960s. But there is not yet much anxiety about a repeat.

Mr Helmut Kohl, the Chancellor and leader of the CDU, contested the widespread assumption that Mr Lothar Spaeth, the CDU's prime minister in Baden-Wuerttemberg, only held onto an absolute majority because he successfully dissociated himself from the Bonn Government. Mr Kohl said: "The governing coalition was the stable bottom this election and will remain so after it."

Mr Spaeth, who will announce his new cabinet before Easter, said the result was a vindication of his anti-coalition strategy, but added that this did not necessarily make sense for the CDU elsewhere.

The liberal Free Democrats suffered the largest percentage decline in their share of the vote - from 7.2 to 5.9 per cent - which was especially disappointing, given that prosperous Baden-Wuerttemberg ought to be fertile ground for their free market ideas.

However, the biggest disappointment was reserved for the Social Democratic Party. The party had been improving its national opinion poll ratings but may have suffered from the divisions opened by Mr Oskar Lafontaine, the deputy chairman, who recently suggested that shorter working time would only create new jobs if accompanied by cuts in pay.

But as the SPD appears to have done particularly badly in the towns - unlike the CDU which suffered in the country - and among workers in the new technology industries, the SPD's "economic revisionists" may feel justified in pressing ahead.

The overall vote in the election was up slightly from 71.2 per cent in 1984 to 71.8 per cent. Employers negotiating with representatives of 1.5m West German public service workers have rejected the recommendation of an arbitrator for a phased cut in the working week from 40 to 38.5 hours by 1990.

The proposal also awarded the public service workers a 2.4 per cent pay rise this year, 1.4 per cent next year and 1.7 per cent in 1990. Talks will continue today.

Japan share of EC van market will grow

BY JOHN GRIFFITHS

JAPAN will continue to increase its penetration of Western Europe's light commercial vehicle markets despite the strengthening yen, according to a study by the Economist Intelligence Unit.

It concludes that by 1991, Japanese producers will have a 15 per cent share of the total light commercial market as a result of production arrangements within Europe more than off-setting a decline in direct export shipments.

In 1986, the last year for which detailed figures are available, the study shows a market share for the Japanese of 10 per cent in the small vans sector of up to two tonnes gross vehicle weight, and of 12.1 per cent in the 2-3.5 tonnes sector.

The Japanese would already have a 25 per cent share were it not for import restrictions imposed in a number of major markets, notably France, Italy, the UK and Spain, the study asserts.

Further joint ventures and other production arrangements between Japanese and European manufacturers are likely to be announced in the next few years in addition to those put in place over the past several years "as European companies seek to acquire technology more cheaply ...than through internal investment".

Existing or announced ventures include:

● Volkswagen is to start producing Toyota one-tonne pick-ups at its Hanover plant, starting next year. The planned initial output rate is 8,000 a year, rising to 15,000 a year;

● Daimler-Benz is to build Mitsubishi's 2-2.5 tonne L300 van range in Spain. Few details of the arrangement have been given but, according to the EIU study, it could lead to collaboration on a replacement for Daimler-Benz's own T1 medium vans range up to 3.5 tonnes in the early 1990s.

The Light Commercial Vehicle Sector in Western Europe: Sustaining Momentum into the 1990s. The Economist Intelligence Unit, 40 Duke St, London W1A 1DW, £150 or $295

Europe's tallest building to be built in Frankfurt

BY ANDREW FISHER IN FRANKFURT

EUROPE'S tallest building, looking somewhat like a giant glass pencil encased in a square-windowed granite box, is to be built in Frankfurt as the result of a deal struck yesterday between a US bank, a US property developer, and the city authorities.

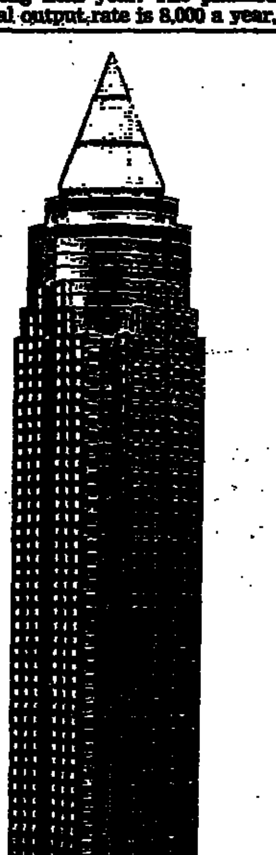
At 254 metres, the 55-storey building will outstrip the Montparnasse tower in Paris, currently the tallest in Europe. Judging by the design drawing, it will be a good deal more elegant than some skyscrapers in the West German city, which has grown from the post-war rubble to become the country's financial centre, just failing to become its capital along the way.

The new building, which will form part of the city's sprawling trade fair complex, will cost nearly DM 500m ($295m) and finance will be arranged by Citibank. The architect is the controversial Mr Helmut Jahn, who was born in Nuremberg and now enjoys prominence in the US. His original design, with *art deco* touches on the exterior, has been slightly toned down for the more conservative tastes of Frankfurt. Construction is scheduled to be completed in 1991.

The developer is New York-based Tishman Speyer Properties, currently also involved in the Beijing American Express Center in China. Mr Jerry Speyer, president of Tishman, said the project offered "excellent chances for business, as demand for office space in Frankfurt is well below supply." Mr Speyer, an American whose father and grandfather were in the property business in Frankfurt, called the city "one of the world's four most important financial centres, together with New York, London, and Tokyo." The project is the company's first in Europe, but he said there were other plans for Germany. "We have never just built one building in a city."

Details of the financing have yet to be arranged, but Citibank said it had received plenty of interest from international investors. Tenants also have to be signed up, but Citibank is unlikely to be one of them. Mr Friedrich Menzel, head of Citibank AG in Frankfurt, noted it had moved into its own new headquarters only three years ago.

This is a garish blue and white building that stops some way short of being a skyscraper. Today, the Frankfurt skyline is dominated by a line of buildings that include the graceful, if impersonal, ice-blue twin towers of Deutsche Bank



Apple sets up Paris computer research centre

By Alan Cane

APPLE, the US-based personal computer manufacturer, yesterday underlined its commitment to Europe as a major market for its products by announcing at a London conference that it had established a research and development centre in Paris, its first outside the US.

It also published a statement of direction which makes it clear it intends to ensure its personal computers and workstation will connect easily into networks of computers from a variety of manufacturers.

Apple is second only to IBM as a manufacturer of personal computers, and its "Macintosh" technology, designed to make the machines easy for business people to use, is thought by many experts to be the key to business information systems of the future.

The company is growing, according to Mr John Sculley, its chairman and chief executive officer, at more than 80 per cent annually in Europe and expects to reach $1bn in revenues there this year. He expected Apple would be turning over more than $3bn a year in Europe by the early 1990s.

France and W Germany hail better monetary ties

BY DAVID MARSH IN BONN

THE WEST GERMAN and French finance ministers last night praised improved monetary co-operation between their two countries in the wake of last October's stock market crash.

But the first meeting here of the Franco-German Finance Council set up in January agreed to postpone until a further meeting before the summer in Paris discussion on a range of potentially divisive currency matters concerning the European Monetary System (EMS).

Speaking to journalists at the end of the 3½ hour exchange of views, which stretched on over dinner, Mr Gerhard Stoltenberg, the West German Finance Minister, said Western economies had shown fresh growth since the bourse collapse, with international currency co-operation helping to overcome a period of world economic uncertainty.

He termed the first meeting of the council, grouping finance and economy ministers and central bank governors from the two countries, as well as other top officials as "very concentrated and constructive."

Mr Edouard Balladur, his French counterpart, said the meeting had been "efficient and useful" and attempted to bring together French and German points of view on a variety of subjects. He stressed this exchange of opinions would now pave the way for a discussion of the possibilities of setting up a common European central bank.

Moscow 'plans' to ask for listing on Helsinki bourse

BY OLLI VIRTANEN IN HELSINKI

MOSCOW plans to seek listing for a number of Soviet companies on the Helsinki Stock Exchange, according to a high-ranking Soviet official based in Finland. This would be the first time Soviet companies had floated a share issue to Western investors.

Entering Western stock markets will be an essential part of Mr Mikhail Gorbachev's efforts to restructure the Soviet economy, said Mr Vladimir Safranov, deputy head of the Soviet Embassy in Helsinki. He estimated that about half a dozen Soviet-owned companies in Finland could raise private capital on the Finnish stock market.

Potential candidates include companies which export Soviet cars, heavy machinery, petrochemical products and tractors to Finland.

The listing plan, are included in new documents on Soviet foreign trade, Mr Safranov said in an interview with theFinnish business newspaper Kauppalehti. Mr Safranov is theHelsinki representative of the newly-upgraded SovietMinistry for Foreign Trade.

The Soviet authorities as yet have no definite plans as to when or how much of the share capital could be sold to investors.

The aim of a listing would be to improve the capital structure of the companies as well as to gain experience in new forms of cooperation in the Western markets. Mr Safranov sees Soviet companies aimed to adapt better to the international working environment.

There would be substantial practical problems in gaining a listing. A spokesman for one of the potential candidates says that few of the Soviet companies in Finland would be attractive to investors. Their financial position is weak and earnings per share are low. The huge imbalance in the bilateral trade in Finland's favour has caused hardship also for companies that import components from the Soviet Union.

Pravda takes hard line on Armenian demands

BY LESLIE COLITT IN MOSCOW

THE SOVIET Communist Party newspaper Pravda strongly indicated yesterday that Moscow would not give in to demands that the riot-torn enclave of Nagorno Karabakh be reunited with Armenia.

In its first detailed account of last month's ethnic clashes in Soviet Transcaucasia, Pravda asked what would happen if other regions also started to satisfy their own interests at the expense of "other peoples."

Pravda repeated a previous official toll of 32 dead, and said more than one hundred persons were injured on February 28, when Azerbaijanis committed "atrocities" against Armenians in the Azerbaijani city of Sumgait.

The Soviet newspaper said the organisers of the demonstrations in Yerevan, the Armenian capital, who demanded reunification with Nagorno Karabakh, had acted in a "clearly anti-socialist spirit." It suggested they were prompted by "Sovietologists" in the US who said it was possible to defeat socialism in the Soviet Union by "partitioning it on an ethnic basis."

The hardline Pravda article appeared five days before a deadline set by the organisers for a resumption of mass demonstrations.

Tom Burns previews this week's polls, which could elect opposition leader José Bossano as Chief Minister

Election winds take Gibraltar into uncharted waters

THERE is a feeling that Gibraltar is entering uncharted waters with this Thursday's parliamentary elections. The polls will be the first in which Sir Joshua Hassan, the post-war architect of the rock's constitutional development, is not standing, and the first in more than 20 years held with an open frontier and unrestricted access to Spain.

But in addition, there is the background and personality of Mr José Bossano, the opposition leader and runaway favourite to win the post of Chief Minister, to reckon with.

The prospect of Mr Bossano as Chief Minister is not one that politicians and bankers on the rock relish. He is utterly opposed to the Hispano-British negotiating process on the future of Gibraltar that, in fits and starts, has been replacing confrontation with cooperation since a keynote agreement between Madrid and London was cemented in Brussels late in 1984. Moreover, as the prime mover of trade unionism on the rock and the founder of the Gibraltar Socialist and Labour Party (GSLP), he is credited with having created a climate of industrial relations that reminds businessmen of Britain in the troubled 1970s.

On the rock itself, the whole thrust of the election campaign by the GSLP's competitors has been to stop Mr Bossano. The Association for the Advancement of Civil Rights (AACR), lead by Mr Adolfo Canepa who replaced Sir Joshua when he stepped down as Chief Minister last December, is campaigning on the slogan of "your future in safe hands."

A second party, the Independent Democratic Party (IDP) lead by Mr Joe Pitaluga, a former civil servant and a close associate of Sir Joshua for some 25 years, echoes the theme that Mr Bossano and the GSLP are "unsafe." The IDP repeats, with some monotony, that the trade union backed party is "a risk" that Gibraltar cannot afford.

"The prospect of putting more power into Bossano's hands scares the living daylights out of moderate people," says Mr Canepa. "I dislike Bossano's brinkmanship and the ruthlessness he has shown in achieving his trade union ends," says Mr Pitaluga.

Such tactics and abuse have, however, done little to dampen the enthusiasm for Mr Bossano. His ringing slogan, "Time for Change," is the only positive one in the campaign and it has struck a clear chord among the electorate. He is given more than 50 per cent of the votes in opinion polls. Barring a major upset the GSLP will have all eight of its candidates elected to the 15-member House of Assembly.

Bossano: "Time for Change"

Mr Bossano has a natural electoral base among the 7,000 union members on the rock who, thanks to his skilful use of labour muscle, have achieved wage parity with Britain. But his lead is also a response to the very real fears among Gibraltarians that in the wake of the Brussels agreement Britain is in the process of selling them out to Spain.

All three parties in the contest oppose last December's Madrid-London deal which granted Spain a consultative role in the development of Gibraltar airport. But only Mr Bossano and the GSLP are perceived as being prepared to be really tough over concessions to Spain.

Unlike the AACR and the IDP, who merely express reservations about the negotiating process, the GSLP rejects the Brussels agreement outright. Mr Bossano says that when he becomes Chief Minister he will not attend bilateral ministerial talks as part of the Foreign Secretary's delegation and that he will withdraw from all the co-operation committees between Gibraltar and the Spanish hinterland that have been set up since the Brussels breakthrough.

A clear indicator of Mr Bossano's mood is his undertaking to cease paying pensions to Spanish workers who were employed on the rock before Spain's 1969 closure of the frontier. These pensions began to be paid jointly by Britain and the Gibraltar government following Spain's entry into the EC, with London bearing by far the larger part of the £2m annual burden.

Such undertakings are likely not so much to cause confrontation between Spain and Britain as between the two countries, acting together, and Gibraltar. Sir Geoffrey Howe has said at every occasion that the Brussels agreement and the airport deal in London are good for the future of Gibraltar and Mr Bossano is saying very plainly that they are not.

A series of confrontations between Mr Bossano's Gibraltar and Spain and Britain would undoubtedly put a question mark against the rock's ambitions to consolidate itself as an offshore financial centre.

Doubts have already been raised in this respect by Mr Bossano's other plans. He has unveiled a public spending programme which includes the creation of a Gibraltar national bank, the takeover by the government of the management of the loss-making dockyards and the building of 500 low cost public houses over the next four years. "We are going to do a lot of things that no labour government anywhere has ever done," he says.

He insists, however, that he will not only favour investment but will actually attract it.

Among Gibraltar's financial community there is talk of Mr Bossano "mellowing" in office. A cautious "wait and see" attitude has been adopted until this mooted change comes about.

In one backhanded compliment, a banker remarked that Gibraltar "cannot afford to have Bossano in opposition." There is also hope that should Mr Bossano win the election a strike at Gibcom, the rock's communications company, could come to an end.

At present there are only 24 outside lines in Gibraltar, and the installation of a further 16 has been held up by the dispute. "Getting through to London is a nightmare," said a broker on the rock. It is not the sort of comment that bodes well for a future offshore centre.

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Pretoria's curbs fail to stop mass work stoppage

BY ANTHONY ROBINSON IN JOHANNESBURG

THE RECENT ban on 17 black extra-parliamentary groups failed to prevent millions of black workers and students from taking part in a mass stayaway yesterday. The one-day work stoppage was called in remembrance of 69 blacks shot dead by police in Sharpeville 28 years ago and the 20 killed in the Eastern Cape township of Langa in 1985.

The stayaway, a testament to black solidarity, the effectiveness of the township bush telegraph and the continuing ability of young "comrades" to impose moral and physical suasion on potential waverers, turned normally bustling "white" Johannesburg into a backwater.

The stayaway was also strong in the Eastern Cape, especially in Uitenhage, next to the Langa township, where the Volkswagen car assembly plant and the Goodyear rubber company were among many local factories which closed for the day after the unions made clear last week that most workers would observe the anniversary.

The stayaway was less pronounced in Cape Town and Durban, although police reported attacks on buses and violence at Durban's Westville University, when demonstrating students tried to drag others out of a classroom.

Tension was also raised at Johannesburg's Witwatersrand University after security police detained Miss Rosemary Hunter, president of the University's Student Representative Council.

Mrs Winnie Mandela, wife of the jailed ANC leader, Nelson Mandela, was also held up briefly by police when the bus in which she was travelling to a commemoration service in Sharpeville was stopped but then allowed to proceed. The town itself was calm.

Reporters travelling round the townships were told that the atmosphere would have been more tense, had the courts not granted a temporary reprieve to the Sharpeville Six last week. Several said that violence would almost certainly have erupted in some of the townships, had the executions of the six blacks accused of having taken part in the mob murder of a Sharpeville councillor four years ago taken place.

As it was, the police and army maintained a studied low profile. They guarded railway, bus and taxi stations but workers who defied the stayaway went back home nervously last night, fearing violence as they walked home from the railway stations and bus and taxi terminals.

Robin Pauley on talks in which breakthroughs match breakdowns

Washington meeting the key to Afghan negotiations

THE FUTURE OF the deadlocked Geneva talks on the Soviet withdrawal from Afghanistan now lies with Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet counterpart.

They meet in Washington today and tomorrow and unless they can reach a compromise to rescue the talks, Mr Diego Cordovez, the UN mediator who lost control of the Geneva negotiations in the middle of last week, may have no alternative but to adjourn them.

The talks in Geneva have lasted, on and off, for five and a half years. They are a peculiar and abstract form of international diplomacy. Breakthroughs accompany breakdowns. Meetings are held at which the negotiating parties do not meet; neither of the major battlefield players in the Afghanistan war, the Soviet Union and the Afghan resistance mujahideen, takes part (officially). It is easy to forget as tactical games are played out in the Palais des Nations that the subject in dispute is a war in which more than 1m people have been killed and nearly half a country's 15m population has been displaced.

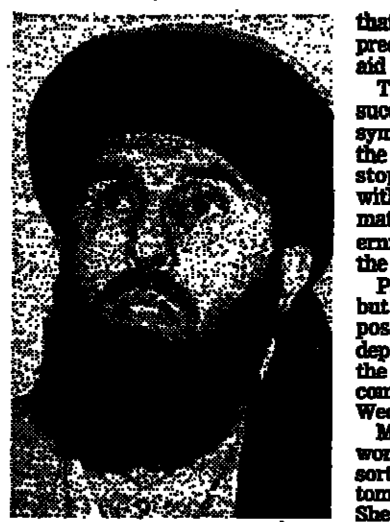
The talks are between the Soviet-backed Kabul Government, which controls only an estimated 20 per cent of Afghanistan, and Pakistan, host to 3.2m of the 5m Afghan war refugees. (Most of the rest are in Iran).

Pakistan does not recognise the legitimacy of the Kabul regime and refuses to meet its representatives face to face. So the talks are indirect "proximity" meetings, with Mr Cordovez shuttling between the two sides.

The talks, which resumed on March 2, were set up to try to agree on a timetable and method of withdrawal of the 115,000 Soviet troops which have occupied Afghanistan since December 1979. There was an early breakthrough on March 3 when the last remaining timetable problem was resolved. The Afghans agreed that the withdrawal would be completed within nine months and that 50 per cent of the Soviet troops would leave in the first three months.

It is the nature of these sorts of proximity talks with the major parties not negotiating but pulling myriad strings behind the scenes that breakthroughs can be quickly followed by breakdowns.

So, the Pakistanis do not want to sign the withdrawal agreement unless there is some concrete commitment to the early formation of a broad-based coalition interim government, without which it fears the refugees will



Hekmatyar: rebel leader to fight on even with agreement signed

not go home because Afghanistan will be engulfed in civil war.

The US, principal supplier of arms to the mujahideen, wants an arrangement under which the cessation of US military aid to the mujahideen is accompanied by a symmetrical cessation of Soviet aid to the Kabul government. The Soviet Union argues that it would be an unacceptable precedent to force it to suspend aid to another sovereign state.

The US has tried with limited success to convince Pakistan that symmetrical cessation of aid is the key and that once the aid stops the Kabul regime will wither away leading to the formation of a broader based government of the type envisaged by the Pakistanis.

Pakistan is less than convinced but has moved closer to the US position and Mr Zain Noorani, deputy foreign minister, included the issue of "symmetry" in his comments for the first time last Wednesday.

Mr Noorani used a form of words which may turn out to the sort of solution found today or tomorrow by Mr Shultz and Mr Shevardnadze. "The obligation to refrain from interference and intervention includes the obligation to refrain from supplying arms and equipment for the purpose of creating disorder or unrest inside a state. It would be inconsistent with this principle if one of the groups or factions inside Afghanistan continued to receive foreign arms and the other precluded from receiving supplies."

If Mr Shevardnadze is willing to accept that President Najibullah's regime in Kabul is a "group or faction" – and a minority one at that – a form of words on symmetry will be possible. The US will then be able to present its arguments more forcefully to persuade Pakistan to cool down on the interim government.

Until last week it looked as if this sort of solution would mean that this round would be the last in the Geneva process, in spite of the shifting positions of Pakistan and the US and increasing evidence that Mr Cordovez had recalled the parties to Geneva without doing enough preparatory investigation himself into the sort of new obstacles which could arise in the end-game of a negotiation nearly as long and bitter as the war itself.

But two other developments now need careful scrutiny to see how far they can be influenced by the US and the Soviet Union. One is the increasingly unpredictable behaviour of the Afghan government which behaves less like a Soviet-controlled puppet and more like a party whose political and possibly physical existence is threatened.

This cannot be resolved in Washington and unless Mr Abdul Wakil, the Afghan Foreign Minister, can be persuaded to drop it he could wreck the Geneva talks in spite of any Shultz-Shevardnadze solutions. The US regards it as potentially much more serious a difficulty than either symmetry or the interim government if it has been raised seriously rather than tactically.

The other problem is whether the US can bring the mujahideen to a compromise. They reject the Geneva process, argue and fight among themselves, and are uncompromising in their demands for a fundamentalist Islamic state excluding all communists. In an extraordinary debacle last week the leadership of the alliance of the seven main groups based in Peshawar was changed. The new head, Mr Gulbuddin Hekmatyar, one of the most extreme leaders, has since vowed to fight on whether or not a Geneva agreement is signed, raising the possibility of the Soviets being attacked and killed as they make the difficult retreat through the northern passes.

During the past three weeks there has been little fighting to speak of within Afghanistan as the two battlefield sides devoted their energies to distributing, stockpiling and hiding war supplies which the US and Soviet Union have stepped up to unprecedented levels in the certain knowledge that they will be needed irrespective of the outcome of the Geneva breakthrough-breakdown talks.

Palestinians urged to step up momentum of uprising

BY ANDREW WHITLEY IN JERUSALEM

A LEAFLET being circulated clandestinely yesterday in Arab East Jerusalem and parts of the occupied West Bank has stepped up the momentum of the Palestinian uprising, calling for nine consecutive days of protest starting Thursday.

Leaflet No 11 in the series issued by the so-called "Unified National Leadership of the Uprising" appeals for increasing violence against Jewish settlers and "the occupation forces". Building on the successful call on Arab policemen and tax collectors to resign, it also attempts to direct popular anger more precisely against specific targets.

Next Sunday, for example, has been designated as a day of fighting against the Israeli-appointed municipal councils in the West Bank and Gaza Strip. The following Tuesday is called "Collaborators Repentance Day".

The tougher line being taken by the underground leadership is thought to reflect the views and tactics of the more radical, Damascus-based Palestinian factions rather than the slower, consensus-building approach advocated by Mr Yassir Arafat's Fatah organisation.

Signs of a growing rift in the occupied territories between Fatah, which disavows the use of weapons, and followers of the extremist groups are beginning to emerge, exacerbated by Sunday's killing of an Israeli soldier in Bethlehem.

The house of Mr Jack Khazmo, editor of a Palestinian weekly magazine, Al Bayader Assiyasi, associated with the mainstream Fatah viewpoint, was attacked on Sunday night with automatic weapons fire and molotov cocktails. Molotov cocktails were also thrown at the residence of a West Bank member of the Jordanian Parliament, in the first incident of its kind.

Saudis confirm purchase of Chinese-made missiles

BY FINN BARRE IN RIYADH

SAUDI ARABIA has confirmed that it has purchased – but not yet deployed – an undisclosed number of nuclear-capable intermediate range ballistic missiles from China.

The CSS-2, *Dong Feng* or East Wind missile, has a range of 1,860 miles, which puts Tel Aviv, Tehran, Aden, Addis Ababa, Cairo, and parts of the Soviet Union within striking range from the kingdom. The 70 or more CSS-2 missiles deployed by the People's Republic of China normally carry a two- to three-megaton warhead.

Saudi Arabia denied that its missiles would be nuclear-armed. "There is no way that the Chinese will sell them nukes of that size," one diplomat commented. The CSS-2 is relatively inaccurate, guaranteeing a hit only within two kilometres of target.

"The Saudis have always had the worry about what to do if say, their oil facilities were hit by an Iranian missile," one diplomat said. "Do they respond with a massive airstrike? With this weapon, they could fire back a missile without risking their manpower."

Riyadh has not disclosed the missiles' cost. Oil barter with an earlier sale of 300,000 tons of Saudi wheat, has been suggested as a way to pay for them.

The missile base, being built near an airbase 60 miles south of Riyadh near al-Kharj, may end up causing more problems for the Saudis than it solves. Israel will use the missile purchase to oppose US Administration attempts to sell arms to Riyadh.

● Syria warned Israel on Monday it would consider any attack against Saudi Arabia an attack against itself, AP writes from Damascus.

Business flocks to Osaka god of money

By Stefan Wagstyl in Tokyo

EVERY MONTH the owner of a successful *sushi* bar in Osaka goes to the city's most popular shrine and gives thanks to the god of money.

He kneels before a statue of the god, Ebisu, while a priest chants a prayer of thanksgiving on his behalf in exchange for a Y10,000 (£42.80) offering.

Japanese followers of the national religion, Shinto, see no contradiction between God and Mammon. There is in Shinto no trace of the Christian belief in the holiness of poverty. Mr Tsue Takao, chief priest at the Ebisu shrine, says: "Because wealth and property is a gift from God, you have to develop it to do God's will. In Japanese Shinto, we think highly of this approach."

This message goes down particularly well in Osaka, which is known as a city of merchants. The Ebisu shrine is on the outskirts of the city centre. It stands in a back street overlooked by office blocks, its main entrance opposite a row of scruffy shops.

The low buildings and gravel courtyard do not compare with the grander shrines of Osaka, let alone Kyoto or Tokyo. But the Ebisu shrine has become famous throughout Japan for the god's liberal favours to businessmen.

Mr Takao, dressed like a banker in a dark suit and silver tie, says 70 per cent of the prayers offered at his shrine are to do with money. Mostly they are for thanksgiving, but people also pray for help when they run into financial trouble. The remaining 30 per cent of prayers are offered in other intentions – for health, for family and for divine assistance in exams.

Companies also call on the priests' services. A clothing maker recently asked Mr Takao to come to its offices to bless a new computer system. "You might find it rather odd that people do this. But it's very traditional to purify the tools you use for work."

Shinto is a polytheistic religion with gods originally associated with nature – similar to Greek and Roman divinities. Ebisu was once the god of fishing, while another popular deity, Inari, was the god of rice. But the coming of industry transformed both deities into gods of money. Mr Takao says even a common word for market - *ichi* – originally meant "coming of god".

The highlight of the year at the Osaka shrine is a festival in January, this year attended by 1.1m people. Mr Takao says they crowded into the shrine grounds walking shoulder to shoulder in a long procession. They buy bamboo leaves hung with paper symbols of wealth – including a wallet, an accounting book, gold coins and banknotes.

When they near the shrine buildings, the worshippers throw money into huge wooden collecting boxes, or else discretely pass banknotes in envelopes to the priests.

Mr Takao said this year's biggest offering came from the owner of an electrical shop who normally gives Y10,000. This year it was Y500,000.

This year's offerings totalled Y230m, much of it spent on the cost of staging the festival. Mr Takao says it was one of his best years. But offerings are hardly affected by the business cycle. "When times are good in Osaka offerings are high, but when times are bad, people often also offer a lot of money."

Suharto promotes military men

BY JOHN MURRAY BROWN IN JAKARTA

PRESIDENT SUHARTO of Indonesia last night reshuffled the Cabinet and in the process scotched speculation of a rift between the military and government.

General Benny Murdani, former head of the armed forces, takes the Defence portfolio while Gen Rudini, a former army commander, is to run the key Interior Ministry. Mr Moerdiono, also considered the military's choice, is to be State Secretary, a post vacated by Mr Sudharmono, the new Vice-President.

President Suharto changed 19 ministers in a 38-strong cabinet. He is also handing over some of his own co-ordinating tasks to Mr Sudharmono.

Mr Radius Prawiro is promoted from Finance to co-ordinate economic policy. He replaces Dr Ali Wardhana, who is believed to be stepping down because of ill health.

Dr Johannes Sumarlin moves to Finance from Bappenas, the Ministry of Economic Planning, while Mr Hartato remains at Industry. Dr B.J. Habibie, considered a presidential favourite, is to continue as Minister of Research and Technology.

The key Energy portfolio is to be handled by the Tokyo-educated Dr Ginanjar Kartasasmita, taking over from Dr Subroto –, for many years a flamboyant figure on the Opec circuit. Dr Ginanjar earned a reputation as a tough negotiator in his former role as head of Indonesia's Investment Board.

OAU chief says African debt 'cannot be justified'

ORGANISATION of African Unity chairman Mr Kenneth Kaunda said yesterday that the burden of repaying Africa's foreign debt had reached a level that could no longer be justified, Reuter reports from Lusaka.

"Obviously, a situation in which the bulk of Africa's export earnings go to servicing debt cannot be justified even by the creditors themselves," said Mr Kaunda, the Zambian President.

He was opening a meeting of 12 OAU foreign and finance ministers which has been called to co-ordinate efforts to convene an international conference on Africa's $200bn debt.

The OAU says African nations on average spend more than 40 per cent of export income on servicing their debt.

Mr Kaunda said Africa's debt would jump by $60bn by 1990 and $350bn by the turn of the century unless comprehensive measures were applied to the problem.

AMERICAN NEWS

Civic Crusade strike takes hold in Panama

BY DAVID GARDNER IN PANAMA CITY

A GENERAL strike in Panama took hold yesterday of those few sectors of the economy not already paralysed by the political upheavals and cash crisis of the past three-and-a-half weeks.

The strike has been called by the Chamber of Commerce-led Civic Crusade, which says it will continue until the fall of General Manuel Antonio Noriega, the country's military strongman.

The Crusade is attempting to return to centre-stage in the Panamanian crisis. It lifted its partly effective strike two weeks ago and devoted itself instead to Panama's trade fair, earning a barrage of criticism for frivolity.

Since then, Panama's 150,000 public employees, who took to the streets demanding payment from their bankrupt government, have become the spearhead of opposition to the regime.

Public sector offices and utilities have been put under military jurisdiction to keep them open.

Yesterday nearly all shops, supermarkets and markets put up their shutters, joining industries, banks, and the $4.3bn-turnover Colon Free Trade Zone, which had already closed down because there is neither cash nor credit to continue doing business.

As a senior official put it, Panama has moved "from being an international finance centre to a barter economy . . . overnight." But after three weeks, ordinary Panamanians are running out of ways to feed themselves, and this will be exacerbated by the strike.

At the Coca Cola plant in Panama City, workers yesterday sat around playing dominoes and watching films like "Death before Dishonour" on a video screen put up for the duration of the strike.

Mr Joel Calvo, the foreman, said they had been paid till now under a barter arrangement with a supermarket chain, which because of the cash crunch had been paying with IOUs.

He quoted the late Gen Omar Torrijos, who put the military in power after a 1968 coup, saying "what I want for my children is what I want for my people."

"But what's going to happen when my son cries for milk?" asks Mr Calvo, a father of six. "I'm not going to react like I'm reacting now," he says, gesturing towards the recreational scenes behind him.

Mr Bienvenido Valdivielso, another father of six, has an upholstery workshop by the old port. He has taken in no cash for three weeks, only seven cheques, uncashable while the banks stay closed.

He is fortunate in having a small plot of land near Colon from which he brings yucca and vegetables.

He glances at one of the pro-Noriega newspapers, the only ones still allowed to publish, with a headline claiming deposed President Delvalle is responsible for the people's hunger, because he engineered the freeze on Panama's liquid assets in the US.

"This is a worthless rag," he says. "One man is responsible for keeping a whole people hungry, Noriega."

● The White House said yesterday it would shelve efforts to negotiate the departure of Gen Noriega from Panama and instead rely on pressure to oust him from power, Reuter adds from Washington.

"I think we have a pretty good reading of the general's attitude. It didn't seem to include further conversations," Marlin Fitzwater, White House spokesman, said about the breakdown of talks on Noriega's possible exile to Spain.

Barbara Durr in Lima reports on how an opinion poll generated a confused set of budgetary proposals

Peru economic policy submerged by politics

JUST HOURS before his nationally televised speech recent President Alan Garcia ordered the Pizarro Palace staff to conduct a lightening opinion survey on his projected economic belt-tightening measures.

Predictably it found the response to price increase would be negative. The president then rushed to cut back his original plan, which included stiff price hikes and a devaluation, and announced a confused policy. One presidential palace official lamented privately "Alan is a politician not an economist."

Instead of increasing the petrol price by 100 per cent as was widely expected for example, the president announced a 50 per cent rise.

The technically bankrupt state oil company, Petroleos del Peru (Petroperu) had asked that the petrol price go up by 153 per cent according to Mr Javier Silva Ruete, a Centrist Opposition senator.

With the price of a gallon of petrol costing less than a gallon of lemonade, Petroperu lost over $400m last year.

Also, rather than an outright devaluation of the inti he opted for moving a number of imports to the higher of six import exchange rates. He then pledged to keep a number of basic products at subsidised import rates for 120 days, an apparent contradiction with his wish to eliminate subsidies.

Although he proclaimed an export promotion campaign he gave nothing new to exporters.

The half-baked shift of economic strategy has dismayed both Mr Garcia's critics and loyalists. A broader than usual political consensus exists that dramatic measures are needed to correct the country's heterodox course of consumption-led growth. During 2½ years of consumer boom, the economy grew at a robust 8.5 per cent in 1986 and 6.7 per cent in 1987.

Such seductive growth figures led Peru to cling to its heterodoxy longer than Argentina or Brazil, where similar plans have already failed. Peru had the added advantage that it has restricted foreign debt payments to 10 per cent of its export income.

But the price of obstinacy has been high. Net foreign currency reserves at Peru's Central Bank are in the red by $149m, 1988 inflation is heading for more than 250 per cent and last year the fiscal deficit ran to 6 per cent of gross domestic product.

Even some of the former strategies most well known proponents such as Mr Daniel Carbonetto, presidential economic adviser, and Cesar Ferrari, Central Bank economist, said that times had changed and so must the government's approach. But Mr Carbonetto remarked that changing minds, presumably the president's above all, has been difficult. "Latins like eternal truths, they are not empirical like Anglo-Saxons."

Despite watering down his austerity plan, Mr Garcia could not be scarecely be pleased that the political price was virtually the same. In a poll conducted immediately after his speech 58 per cent of the public disapproved of his administration. The new measures would not help better the economy said 70 per cent of those polled.

The public's reaction has been focused on the 42 per cent average increase in the family grocery basket. The President's attempt to soften the blow with wage increases failed to pacify angry shoppers.

The rises of 60 per cent for the minimum wage and 40 to 45 per cent for civil servants will already have been ravaged by inflation by the end of the first quarter.

Where Mr Garcia scored a few points, however, was in his assertion that Peru's import dependent industrial structure must change. While he heaped an exaggerated amount of blame for the plight of the economy on the manufacture of blenders in food processors and automobiles, made from imported parts and CKD kits the point was well taken even by the business community.

Manufacturing in Peru is more than 60 per cent dependent on imports.

Business leaders complained however that the measures were inadequate particularly on exchange rates. If the Government now wants to promote exports, as Mr Garcia stated, steps were not taken to do so. They contend that the Government's current programme has not addressed the fundamental problems of a bloated fiscal deficit, now a primary cause of inflation, and the hair-raising depletion of foreign exchange.

Opposition leaders on the right and left have called for cabinet changes. Mr Garcia has postponed these for the moment.

A new adjustment is forecast in four months time and its political cost will probably rise.

Actors' unions join Hollywood strike

HOLLYWOOD'S two major performing unions struck radio and television commercial makers yesterday adding to the labour turmoil in a US industry already hit by a script writers' walkout, Reuter reports from Los Angeles.

The Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA), which claim 100,000 members, voted overwhelmingly earlier this month to authorise a strike after talks on a new three-year contract broke down.

The walkout came as a strike by the 9,000-member Writers Guild of America entered its third week with no end in sight.

The performers are withholding their services from radio and TV commercials including advertising by presidential candidates. The advertising industry says it will keep production going with whatever talent is available.

The writers' strike has forced TV networks to broadcast re-runs of talk shows and delay the debut of new series.

US spending on plant to slow

INVESTMENT IN plant and equipment by US business is likely to increase about 8.8 per cent this year but only 0.5 per cent in 1989, according to a survey released yesterday, AP reports from New York.

Manufacturers are likely to lead the way this year with a 12.5 per cent increase in investment, but trail in 1989 with a 2.9 per cent decrease, said Data Resources Inc.

The larger non-manufacturing sector is expected to be more stable, with a 6.6 per cent increase this year and a 2.7 per cent increase in 1989, the survey said, based on replies from 457 companies.

Sandinistas and Contras agree to ceasefire

NICARAGUA'S Sandinista government and the US-backed Contra rebels agreed yesterday to halt military operations against each other during peace talks at this southern border post, Reuter reports from Sapoa.

"We are proceeding to give instructions to our units to suspend operations against the Sandinista army . . . for the duration of the talks," rebel spokesman Mr Bosco Matamoros said.

He said the move was an "expression of good will" and followed the Nicaraguan Government's announcement at the start of the talks yesterday that it was halting its counter-insurgency activities while the talks lasted.

"I have ordered all our forces to suspend operations for as long as the talks last," said Mr Humberto Ortega, Nicaragua's Defence Minister.

"This will contribute towards creating a better climate," he said at the southern border post where the talks, starting on Monday, are the first held in Nicaragua.

The talks come after Sandinista efforts to deal crippling blows to the insurgents prompted the despatch of 3,200 US troops to Honduras for a training exercise and what the White House called "a show of force" in the region.

Thousands of Nicaraguans waving Sandinista flags lined the road leading to the site of the talks.

A delegation of rebel leaders, headed by Adolfo Calero of the Nicaraguan Resistance rebel umbrella grouping, was expected to cross the border here from neighbouring Costa Rica.

It was the first time the talks, a result of the regional agreement for ending Central American conflicts, had been held in Nicaragua.

Previous talks among lower-ranking government and rebel officials have foundered over rebel demands for a wide range of political reforms.

Government officials said they would use the talks to seek a ceasefire and a commitment from the Contras to end their war and "reintegrate themselves into society."

Brazilian debt deal 'still weeks away'

BY ALEXANDER NICOLL IN CARACAS

AN OUTLINE agreement between Brazil and leading creditor banks on a long-term financing package is still several weeks away, bankers said yesterday. Friendly talks between Brazilian officials and bankers have been held during the annual meeting of the Inter-American Development Bank in Caracas. Some 200 bankers heard a presentation from Mr Mailson da Nobrega, Brazil's Finance Minister.

He told them that elements of the package not yet agreed should not delay its conclusion, and that a mission from the IMF would visit Brazil in a few weeks to begin discussing an economic programme.

Meanwhile there was discussion of Brazil's request for short-term "bridge" financing from banks to help it pay interest for the second quarter of 1988.

Brazil has paid interest for January and February and is also expected to pay March interest out of its reserves, but faces a new bulge in April payments. Bankers cautioned, however, that nothing had yet been agreed on a short-term deal.

A key question still to be decided is whether the long-term financing package will be explicitly linked to a Brazilian accord with the IMF.

Mexico plans to draw down on March 30 the final $1.1bn (£604m) of the financing package it arranged last year.

The total amount of the package has been reduced from $7.7bn to $5.5bn because of Mexico's economic performance. It had included two contingency facilities.

Some bankers have criticised Mexico's plan to draw down the remaining money while also asking banks to participate in the bond-for-loans offer which it completed last month.

It would be more difficult than usual to link disbursements of bank loans to an IMF programme, because the bulk of the planned $5.8bn (£3.19bn) bank loan will be paid out "up-front" - as soon as it is signed.

A link with the IMF would also be politically awkward for Brazil.

Other elements still to be set include whether banks will be able to capitalise interest - adding it on to the principal - instead of putting up new money.

Items already agreed are the $5.8bn loan amount, an interest rate of 13/16 of a point above money market rates, a 20-year rescheduling period for $62bn of debt and an eight-year grace period.

Hard-right alliance comes to power in El Salvador

BY ROBERT GRAHAM

THE RULING Christian Democrat Party in El Salvador yesterday conceded victory to the hard-line rightwing Nationalist Republican Alliance (ARENA) in Sunday's parliamentary and municipal elections.

Although final results were still not known yesterday, ARENA officials were confident that the erosion of support for the Government of President Jose Napoleon Duarte would prove substantial.

Previously, the CD held 33 of the 60 National Assembly seats, with only 13 in ARENA hands and most of the rest controlled by a centre-right grouping.

The result could eventually complicate relations with the US, which makes its heavy supplies of economic and military aid conditional on observance of human rights.

Several prominent ARENA members have been linked to the activities of the death squads, including the controversial figure Major Roberto d'Aubuisson. Although President Duarte and his supporters fought a bitter campaign to discredit ARENA, discontent with corruption and lack of leadership in the Christian Democrat administration appears to have counted more with voters.

ARENA fought a campaign for the 60 seats in the National Assembly and control of the war-torn country's 262 municipalities under the slogan "change for the better". The party advocated a tougher military policy against the left-wing guerrilla insurgency and a lifting of the tight controls on the economy.

The umbrella guerrilla organisation, the Faribundo Marti National Liberation Front (FMLN), called for a boycott and the guerrillas' political arm also refused to take part.

WORLD TRADE NEWS

W Germans expect rise in Indian deals

By John Elliott in New Delhi

WEST Germany expects a sharp increase in the number of industrial collaborations with businesses in India following a highly successful technological exhibition in New Delhi last week which was visited by nearly 500,000 people.

Called Technogerma, the exhibition involved 270 companies and was the largest industrial technology show ever mounted in Asia by West Germany. It was described by Indian businessmen as one of the most impressive staged in Delhi.

West Germany, along with other Western countries, has been concerned about losing ground to extensive Japanese collaborations in recent years, especially in the Indian automotive industry.

West Germany ranks second behind the US and ahead of the UK and Japan in India's league table listing new foreign collaborations and is India's major trading partner in Western Europe.

But in line with most major countries, apart from the US, its total of new technical and financial collaborations dropped last year, to about 140 compared with around 180 in the previous two years.

Officials hope the exhibition will restore West Germany's new collaborations total to approaching 200 a year.

Mr Hans Klein, West German Federal Minister for Economic Co-operation, who is visiting Delhi, said that hundreds of talks were now under way "between our companies and Indian businessmen". But it would take perhaps two years or more for some of these negotiations to produce results.

A memorandum of understanding on exchange of technological information was signed between West Germany's industrial federation, the BDI, and India's Confederation of Engineering Industry.

Soft loans totalling DM160m (£53.3m) have been announced by Kreditanstalt fuer Wiederaufbau for India's Industrial Finance Corporation and Industrial Credit and Investment Corporation to help promote industrial projects.

Yesterday, general project loans from the German Government totalling DM74.5m were agreed.

Peter Montagnon analyses a sensitive issue that could divide participants in the Uruguay Round of multilateral trade talks

US and EC styles differ as Gatt grapples with trade in services

INTERNATIONAL negotiations on liberalising trade in services, which form a key part of the Uruguay Round of multilateral trade talks, are entering a sensitive stage as participants begin to look forward to the ministerial mid-term review of their deliberations in Montreal this December.

Spurred on by the US, for whom progress on services is a core objective, negotiators from the main industrial countries hope to have at least some outline principles in place for ministers to endorse in Montreal.

To achieve this, however, their talks at the General Agreement on Tariffs and Trade (Gatt) in Geneva now need to address two particularly controversial questions. One is how to link such a framework to the development needs of poorer countries; the other is whether even outline principles can be established without at least some informal examination of how they would affect individual service sectors.

After a year of negotiation, the main parameters of the discussions have now become clear. Negotiators have decided not to worry too much about services which are actually traded across borders, and instead to concentrate on the more common situation where they have to be delivered at the point of consumption.

The emphasis has been on establishing regulatory systems that guarantee market access, national treatment (equal rights in domestic markets for foreign and local suppliers), and non-discrimination between separate foreign suppliers.

"By the time of the mid-term review, the OECD countries will have a fairly precise consensus as to what they want," said one senior US official. The difficulty now lies, he continued, in bringing developing countries into the fold.

Agreement that the talks on services should take account of the development needs of poorer countries was enshrined in the Punta del Este declaration, the launch document for the Uruguay round.

To be worthwhile the exercise has to involve developing countries. Their industrial counterparts are still anxious to tread carefully for fear of pushing them into a premature and hostile statement of position.

Yet India, which opposed the idea of including services in the Uruguay round from the outset, is still a reluctant player. Many other developing countries are worried about the implications of accepting even an outline statement of principles on services in Montreal without an agreement that would safeguard their development interests.

So far there has been little discussion about this either within the Gatt or between developing countries themselves. Industrial countries have left it up to the developing countries to make suggestions but none have been put forward. Now they are concerned that there is an intellectual vacuum in this area.

"We've come to the point where they (the developing countries) have to come up with something. If there's no give, they are going to look bloody-minded," said one trade diplomat.

> In services, as in agriculture, the US has been concerned with absolute principles; the EC has adopted a more pragmatic approach.

For the developing countries themselves, there is another worry. Many are reluctant to endorse general principles before any discussion has taken place as to how they would apply to specific sectors.

The whole debate on liberalising trade in services has potentially large implications for labour mobility. One recurring worry is that the industrial countries might insist on the rights of their banks to establish branches in developing countries, but refuse reciprocal access to the developing countries' construction industries because of politically awkward immigration problems.

A meaningful consensus on trade in services cannot therefore be reached by December unless the implications for individual sectors are examined first, they say. Though this runs contrary to the US notion that a framework of principles should be established before specific sectors are brought into the discussion, it is a view which finds at least some echo elsewhere.

The EC, for example, wants to be sure of freedom to protect its cultural industries - like broadcasting and films - from foreign domination. It is not yet ready to accept free competition in telecommunications. "We would not want to offer national treatment in basic telecommunications to potential foreign suppliers. We need an exemption," says a Brussels official.

The services debate in the Gatt has brought into focus a sharp difference in style between the EC and the US. In services, as in agriculture, the US has been concerned with absolute principles; the EC has adopted a more pragmatic approach. It defines free trade in services as an objective and has tried in the discussions so far to establish procedures that might be used to achieve it.

Its idea of a formal "regulations committee" that would define which service industry regulations are compatible with the concept of free trade in services met an unenthusisastic reception from its negotiating partners who were reluctant to see their regulators subjected to a supranational authority.

Now its approach has shifted towards a committee process that would identify which regulations are negotiable and which are not. For the US, however, everything should be negotiable even if some industries require specific temporary exemption from the liberalisation process.

Reconciling these two approaches before December may still prove difficult on top of the development issue. Even if it can be done without reference to specific sectors, these will have to be discussed at some stage. And that, experts believe, is where the hardest part of the negotiations may begin.

So far private sector business interest in the negotiations has been strongest in sectors like banking and insurance which expect to benefit from liberalisation in terms of access to foreign markets. Once the full range of service sectors are brought into play, some, who rely on protected markets, like the shipping and airline industries in the US, are likely to spring vigorously into action to defend their patch.

This could raise the temperature of the debate. Even US officials, who regard sectoral discussions as a matter for next year rather than this, acknowledge that opposition to the whole exercise could grow in the business community. "There'll be a blood-letting," said one,

Davy wins £61m Korean blast furnace order

BY PETER MONTAGNON, WORLD TRADE EDITOR

DAVY, the UK engineering group, has won a £61m order from South Korea's Pohang Iron and Steel Company to build a blast furnace at its new Kwangyang works on the country's south coast.

The order, won by the group's Davy McKee unit in conjunction with Korea Heavy Industries and Construction, follows the hitherto unpublicised award last December of a smaller £30m blast furnace contract contract in Pohang and brings the total value of blast furnace orders won by Davy from POSCO to nearly £200m.

The furnace, with a maximum daily output of 9,000 tonnes, is scheduled to go into production in November 1990. Mr Roger Kingdon, Davy's chief executive, said it had enabled the company to consolidate its position as a leading supplier of capital goods to the Korean steel industry.

Financing for the two new furnaces is being arranged by the London merchant banking subsidiary of First Chicago, which has recently begun to bid aggressively for project finance mandates in competition with established UK banks.

First Chicago said its package uses the debt swap market to convert conventional sterling export credits backed by the Export Credits Guarantee Department into low interest dollar and Swiss franc debt in keeping with POSCO's balance sheet requirements. The dollar portion will bear interest at a rate of less than 7 per cent.

The low rates on its package helped Davy to win the blast furnace orders against German and Japanese competition. Mr Kingdon added that Davy had sold its first blast furnace to POSCO in 1983 after its Japanese competitors became reluctant to make latest technology available to Korea's emerging steel industry.

He also disclosed that Davy has again been undercut by Japanese competition in a major £60m polyester plant order at Kursk in the Soviet Union. Last summer, Davy lost a £600m contract at Blagoveschensk to the same consortium led by the trading house Nissho Iwai.

Mr Kingdon said both orders had been lost because the competition cut its prices to a level at which Davy could not compete, but it would continue to bid for business in the Soviet Union.

US and EC 'risk new trade war'

By Bridget Bloom

A STRONG risk exists of a renewed trade and subsidy war between the US and the European Community next year unless progress is made before then on the new Gatt agricultural negotiations, Mr John MacGregor, UK Minister of Agriculture, warned yesterday.

Mr MacGregor was returning to London from a 10-day visit to the US and Canada, during which he met senior US officials, including Mr Richard Lyng, US Agriculture Secretary, and Mr Clayton Yeutter, Trade Representative.

US farmers in the Mid-West and elsewhere would be tenacious in their support for continuation of US agricultural subsidies as contained in the 1985 Farm Bill, due for renegotiation next year, Mr MacGregor believed.

This seemed certain to create strong pressures within Congress for the maintenance of such support, unless some progress had been made within Gatt, at least on establishing an agreed framework for negotiations to reduce farm subsidies over the next few years.

Pakistan proposes dismantling of MFA

BY WILLIAM DULLFORCE IN GENEVA

PAKISTAN has put forward a radical plan for dismantling the Multi-Fibre Arrangement, and integrating world trade in textiles into the General Agreement on Tariffs and Trade.

During the trade ministers' meeting in Konstanz last weekend, Mr Mahbub Ul-Haq, the Pakistani Minister of Commerce, Planning and Development, proposed that at the mid-term review of the Uruguay Round in December, ministers should freeze the MFA in 1989 and agree to a five-year framework for demolishing it.

Existing import restrictions should be discarded at a rate of 20 per cent a year, calculated by value, Mr Ul-Haq suggested. Countries should replace the restrictions by reasonable tariff regimes with rates set at the lowest prevailing levels.

The minister acknowledged that eliminating the last 20-30 per cent of import restrictions could be difficult.

Freezing the MFA in 1989 would mean that no new fibres could be introduced to it and no changes should be made to import quotas, Mr Ul-Haq said.

The $100bn trade in textiles is one of the most sensitive issues under negotiation in the Uruguay Round.

The MFA came into force as a temporary compromise between exporters and importers in 1974 but has since been extended four times, lastly until 1991. Textile trade is governed by bilaterally negotiated quotas which limit imports in a regime alien to Gatt's principle of non-disrimination.

Elimination of the MFA and a return to open markets have become a symbol for many developing nations of the industrialised countries' willingness to meet their development needs.

After the latest MFA extension and with US manufacturers still lobbying for greater protection, it has been assumed that no progress would be made in the Gatt talks by the mid-term review.

Airbus row 'must be settled by June'

THE Airbus dispute has to be settled by June, or July at the latest, senior US and European officials have agreed following the trade ministers' meeting at Konstanz, West Germany, William Dullforce reports from Geneva.

Mr Clayton Yeutter, the US Trade Representative, said there was no point in setting another deadline but if there were to be an agreement, it would need to happen "relatively soon".

It is recognised that further progress cannot be made until after the French presidential election in May. The Chirac government believes that before then, it cannot be seen to be entertaining the compromises over government subsidies for Airbus that the four-nation consortium will have to make.

While progress on several items at Konstanz last week was genuine, it reflected agreement on principles rather than detail. After the announcement, Mr Yeutter immediately challenged European interpretations of some of the principles.

Agreement to eliminate state funding of aircraft production, as distinct from research and development, represents a real advance. The Europeans will probably have to accept that the ban applies to the new A330 and A340 aircraft.

The Europeans claim victory over the decision that an agreement must cover indirect as well as direct subsidies, since they argue that Boeing and McDonnell-Douglas of the US benefit most from government funding of military research projects.

Neither side wants a prolonged slanging match over definitions and sizes of indirect subsidies, and a means of skirting this issue has to be found.

On several of the principles accepted, essential detail is lacking, the most important of which is recouping government funding.

The disciplines applied to repayments by manufacturers have to be agreed and if, as the US suggests, Airbus is far from being a profitable concern, this could well be the sticking point.

Since neither the US Trade Representative's office nor the EC Commission really want a trade war during the Uruguay round, each sees a reason for having an agreement on aircraft subsidies in place before the Airbus-McDonnell talks.

Seamen to be ballotted on nationwide strike action

BY JIMMY BURNS, LABOUR STAFF

THE BRITISH shipping industry could face widespread disruption over the Easter holiday period following a decision by the National Union of Seamen to ballot its 21,000 members on a national strike in defence of jobs and conditions.

The industry has already been hit by the strike of some 2,000 Dover-based seamen and French maritime unions.

The decision, taken yesterday by the union's 16-man executive committee, opens up the prospect of another High Court battle over the legality of the strike weapon similar to action which led to the union being fined last month.

The announcement of the ballot was made by Mr Sam McCluskie, the NUS general secretary, who was symbolically flanked by his union's solicitors.

Mr McCluskie said: "The National Union of Seamen is determined to remain within the law, even if every attempt to do so results in the threatened sequestration of the union's funds."

According to the union it is acting legally because it is holding a ballot over an issue of primary concern to all its members.

However, this view was strongly contested yesterday by employers who pointed out that yesterday's move had been prompted by last week's call for a national strike by Dover-based seamen in dispute with Peninsular and Oriental European Ferries, and the recent sacking of 50 seamen by Belfast Freight Ferries.

The General Council of British Shipping indicated last night that employers would not hesitate to take take the union to court if the strike call looked close to being implemented.

"There is no national dispute between the NUS and the British shipping industry," said the organisation. "Any ballot would be meaningless and would not absolve the NUS from the consequences of any industrial action they might take."

The ballot in support of Britain's first all-out seamen's strike since 1981 will begin today and the result will be announced on March 30, just before the start of the Easter holiday break.

Mr McCluskie yesterday predicted that the ballot would show a large majority in favour of industrial action. However the union is expected initially to use the strike call as an essentially tactical move aimed at strengthening its negotiating position at talks aimed at ending the seven-week strike by seamen employed by P&O Ferries.

The talks, which resume today under the auspices of Acas, the conciliation service, are likely to focus on a revised management offer on its proposals for new crewing arrangements and simplified salary structures for seamen eoyed on the company's cross-Channel routes.

It is clear the outcome of talks beginning today between the NUS and P&O under the auspices of Acas, the conciliation service, is likely to be one of the main factors which will determine whether or not there will be an all-out strike.

There are indications that both sides have privately agreed to resume talks on the understanding that a basis of a deal may already be in the making, in spite of yesterday's flexing of muscles.

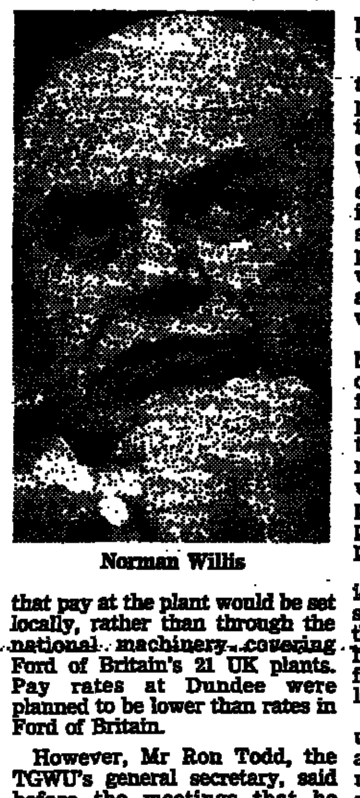
For much of the dispute, the anger of union officials has been fuelled by what they claim was a P&O refusal to modify its controversial proposals for cutting the number of crews on its vessels.

Ford says polite 'no' as unions try to salvage Dundee project

BY CHARLES LEADBEATER

FORD OF America last night appeared to dash hopes that it might reconsider its decision to cancel its plan to build a £40m electronics plant in Dundee, Scotland, because of a row over union bargaining arrangements.

Union leaders met at the London headquarters of the Trade Union Congress, the union umbrella organisation, in an attempt to devise a package which might persuade the company to reconsider. But as they met, Ford said it would listen courteously to any proposals, but added that its decision to pull out was final.



Norman Willis

The company implied that, even if the Transport and General Workers' Union and MSF, the general technical union, dropped their opposition to the terms of the AEU engineering union's single union agreement for the plant, Ford would not reverse its decision. This came as TUC leaders met the Scottish TUC, and leaders of the motor industry unions, in what seemed a futile attempt to rescue the project.

The Scottish TUC told the TUC's inner cabinet, the finance and general purposes committee, that the unions would only mobilise political pressure on Ford if they accepted the AEU's agreement in full.

This would mean accepting that pay at the plant would be set locally, rather than through the national machinery covering Ford of Britain's 21 UK plants. Pay rates at Dundee were planned to be lower than rates in Ford of Britain.

However, Mr Ron Todd, the TGWU's general secretary, said before the meetings that he would not ratify the AEU agreement, if it was outside national pay bargaining. This would be unacceptable to the company.

Ford announced last Friday that it was pulling out of the project because of opposition to the terms of its deal with the engineering union. Mr Norman Willis, the TUC's secretary general, met Ford's senior managers in Detroit. Following the discussions with Mr Willis, the company said it had "decided there was no prospect of reaching agreement, and any compromise would create more problems."

However, senior AEU officials believe that Ford decided to cancel the plant, which would have further concentrated the company's European engine production in the UK, in the wake of the recent strike by Ford's manual workers. This swiftly disrupted production at Ford's continental plants, which already rely on UK plants for some engines.

It is understood Ford of America contacted the AEU during the strike to express its concern over the union's role. Mr Jimmy Airlie, the AEU official responsible for the Dundee plant, played a leading role in the strike.

As a result of the company's unease over the apparent vulnerability of the plant, Ford was unlikely to reconsider its decision, even if other motor industry unions accepted the agreement, union officials said.

Opposition MPs urge further rates cut

By Ivor Owen

MR NIGEL LAWSON, the Chancellor of the Exchequer, was urged to risk another clash with Mrs Margaret Thatcher, the Prime Minister, in the closing stages of the budget debate in the House of Commons last night by insisting on a further reduction in interest rates and a lower sterling exchange rate.

He smiled and joked with his ministerial colleagues as Mr Edward Heath, the former Conservative Prime Minister, supplemented demands by opposition leaders for lower interest rates with another call for Britain to enter the exchange rate mechanism of the European Monetary System.

Mr Bryan Gould, Labour's Trade and Industry spokesman, ridiculed suggestions that the half percentage point cut in interest rates implemented last week proved that Britain had a "strong Chancellor."

To Labour cheers, Mr Gould told Mr Lawson that if he really wanted to be ranked as the winner in what looked like being "a continuing battle" with the Prime Minister, something more was required.

Mr Heath, who irritated his detractors on the Government benches by reminding them that as a proportion of gross domestic product, taxation was still higher than when his administration left office — 37.5 per cent compared with 32.4 per cent — mocked both Mr Lawson and Mrs Thatcher.

The former Prime Minister accepted that allowing a higher exchange rate was one method of dealing with inflation and ironically suggested that this was one view which might have been expressed privately in the Government — "although these things do leak out".

Kieran Cooke in Belfast reflects grimly on a week's work

A gruesome litany of funerals

(left) Catholic mourners duck behind a headstone during last week's attack on Milltown Cemetery by a lone gunman. (right) Members of the republican cortege during Saturday's attack on the car carrying two British soldiers who were beaten and finally shot to death.

ANYONE who says they have not been affected by reporting on the past week's events here is either a liar or a fool.

The Europa Hotel in Central Belfast, which has the dubious distinction of being among the world's most bombed hotels, has been full of the familiar media circus which follows the heels of significant world events.

But as the days have worn on over the last week, it has become a sombre gathering. With gruesome regularity, there have been funerals to attend each day.

First there were the three IRA members killed in Gibraltar. They were shot in the street by British troops after a four-month joint British and Spanish intelligence operation had established that they were set to bomb a military parade in the UK territory.

Then, as if through some insane mathematical equation, there were the three mourners killed at their burial by a grenade-hurling lone Protestant gunman.

Two soldiers were the next to die, in the course of yet another funeral. A Protestant girl was then shot dead out in the countryside of Fermanagh and a Catholic shop assistant gunned down in a sectarian killing.

Yesterday saw another death, this time of a 27-year-old member of the Royal Ulster Constabulary. He was shot as he patrolled in a Land Rover through the Catholic quarters of Londonderry.

Last week began peacefully enough. At first, the funerals of the Gibraltar three seemed to go off without incident. They were almost relaxed. A Sinn Fein steward jokingly remarked at one point on a Spanish reporter, who, wearing his beret and dark glasses, looked very much like an IRA operative in their characteristic paramilitary uniforms.

But then came the shoot-out and killings at the Milltown Cemetery in Catholic West Belfast, which left more than 60 injured as well as the three dead. Thereafter, everything changed.

The television crews never ducked during the mayhem. One reporter somehow thought to have been involved in the attack was badly mauled by the crowd, which eventually ran down the gunman before he was rescued by the army and RUC.

Another journalist ran to telephone the news through. Only afterwards did he realise his knee was the size of a balloon. He had broken it when he fell onto a gravestone during the mad melee. He immediately was flown out of Northern Ireland.

At the funerals which followed, we were constantly checked and told to look out for anything suspicious, any strange face.

During the bloody drama on Saturday when the crowd of mourners attacked and killed two soldiers who had driven into the heart of the cortege, some in the crowd tried to take away cameras and notebooks. Some journalists had their films confiscated. One American, apparently a tourist with a macabre taste in holidays, shouted: "But those are the photos of my skiing vacation."

Reporters were closely watched, their identities double checked.

Somehow, however, one Swedish television crew had somehow managed to miss the whole horrific episode.

Today, it is a foolish person who wanders around West Belfast with a notebook in hand. Identification can mean life, or as the two soldiers must have realised on Saturday, death.

Both sides to the conflict, the republican Catholics and the loyalist Protestants, are very tense and very suspicious. On Sunday morning there was a bomb scare in nearby St Agnes' church as the priest, voice weary, called yet again for an end to violence.

Outside, army marksmen kept watch.

On a road out of Belfast, my taxi was singled out by an army patrol. The driver and I stood for 15 minutes in the rain while two soldiers went through the car and our documents. Guns were trained on us from the pavement. "Where was I going? Who was I seeing? What was the address?," they asked.

All of this was very unnerving, but is something which has become an everyday fact of life in Northern Ireland.

On Sunday night, a group of us went across the road from the Europa Hotel to have a drink at the Crown, an old, ornate pub.

Five minutes later there was a bomb scare.

Income rises to maintain living standards dip to five-year low

By Ralph Atkins

INCOME RISES needed to maintain living standards are at the lowest level for five years in spite of escalating house prices, a report says today.

The Reward cost of living report estimates earnings required to keep living standards constant are rising at 4.0 per cent a year — less than in any year since 1983. But it says house prices continue to spiral upwards.

Nationally, house prices are rising at an average rate of 20 per cent a year. The fastest rate of increase is in Greater London where the annual rate of increase is 31.1 per cent.

The average price of a three-bed semi-detached house in the capital is now £107,200 — and is rising by £67 a day. At the other extreme, house prices are rising by just 3.4 per cent a year in Northern Ireland.

The report notes that soaring house prices rises are spreading northwards. Houses in the Midlands, for instance, are rising at an annual rate of 16.4 per cent.

However, sharp rises in house prices have been offset by a slowdown in retail price inflation and recent reductions in mortgage rates. Consumer prices for goods and services are increasing at an annual rate of 4.3 per cent — compared with 4.5 per cent reported in the last survey six months ago.

In its league table of living costs around the UK, the report says the cheapest shop prices are in Preston. If housing costs are included, however, the cheapest place to live is Larne, Northern Ireland. The dearest shop prices are in Lerwick, Scotland. But, taking into account housing costs, Greater London is the most expensive place to live.

Cost of living, regional comparisons. Feburary 1988. The Reward Group, 1 Mill Street, Stone, Staffordshire. ST15 8BA. £55.

Improved cash flow fuels Unipart's rise in profits

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

UNIPART, the UK's largest vehicle accessory and parts supplier, increased pre-tax profits by 34.7 per cent in 1987, its first full year of operation since it was privatised in a management buy-out from the Rover group in January last year.

Mr John Neill, Unipart chief executive, said the group's performance in 1987 was much better than forecast. Results in the early part of 1988 had also been "satisfactory," and he forecast another good year in 1988.

The big jump in Unipart profitability last year stemmed from a substantial improvement in cash flow of around £20m, which helped to reduce net interest charges to £744,000 from £2.88m in 1986, resulting in the jump in pre-tax profits.

Profits before interest and tax rose by 9 per cent to £13m from £11.9m in 1986, despite a 15.7 per cent rise in turnover to £428m from £369.9m a year earlier.

Operating profits were depressed by problems with the availability of spare parts in the early months of last year as well as by the costs of reorganising the Unipart Industries division.

Dividend payments were left unchanged, which allowed Unipart to increase retained profits by 40 per cent to £11.2m.

Since its privatisation, some 56.33 per cent of the company's equity has been held by a group of institutional investors led by Charterhouse Bank, with management holding 10 per cent, more than half the group's 4,100 employees holding 12 per cent, and Rover Group retaining a 21.67 per cent interest.

Close to half of Unipart profits and turnover are derived from its contracts with Austin Rover and Jaguar to operate their parts businesses on an arm's length basis. Unipart also started a new contract to supply Reliant with a full parts service last year.

Leasing industry reports record £6bn new business

BY RICHARD WATERS

THE LEASING industry yesterday reported record new business of £6bn in 1987, up 16 per cent from the previous year and proof of its resilience to the loss of a tax incentive which was widely expected to lead to its demise.

After a slight fall last year, the amount of new business exceeded the £5.8bn of 1985. This figure was expected by many in the industry to represent its peak: 1985 was the last year leasing companies and, indirectly, their clients benefited from accelerated capital allowances.

The phasing out of these allowances was part of the reform of corporate tax announced in the 1984 budget.

The rise in business is due to continuing demand for an alternative to straight loan finance, the success of leasing companies at marketing their product and the growth of investment in new equipment generally, said the Equipment Leasing Association, which announced the figures yesterday.

However, the profitability of leasing companies has declined substantially since 1985 due to increased competition for new business, said Mr Alan Outten, chairman of the association.

The association's members account for about three-quarters of the equipment leased to UK industrial and commercial companies.

Companies involved in manufacturing and production acquired fewer leased assets by value in 1987 than in the previous year, while those in the financial sector acquired 25 per cent more and those in distribution and transport 21 per cent more.

The new rules are likely to have an affect on the demand for leasing this year, said Mr Outten. From last summer, companies have had to show leased assets, and their liability for future payments under leases, in their balance sheets.

UK NEWS

Race Electronics to invest £11m in Welsh factory

BY ANTHONY MORETON, WELSH CORRESPONDENT

ONE OF the largest expansion projects undertaken in the UK in recent years was announced yesterday mon by Race Electronics, a Welsh manufacturer of printed circuit boards.

The company is to undertake an £11m expansion at its Talbot Green factory outside Cardiff, south Wales, which will raise its workforce by 1,100 to 1,850 over the next four years.

The scale of the project can be judged by the fact that two big inwardly-investing Japanese companies, the car manufacturer Nissan and the televisions producer Sony, both employ around 1,250 at their respective plants in Washington, Tyne and Wear, and Bridgend, south Wales

The expansion was described by Mr Peter Walker, the Welsh Secretary, as "one of the biggest British industrial projects in recent years."

Race Electronics, the principal arm of the Welsh-based Gooding Group, founded by Mr Alf Gooding, makes circuit-board assemblies by both the pin-and-hole and surface-mounting technologies.

The group has significant contracts with companies such as Brother Industries, for parts for typewriter production, Jaguar Cars, for air conditioning equipment, IBM, Ricoh and Sharp.

The company has made a speciality of winning orders from Japanese concerns in the UK. Mr Malcolm Sanders, its managing director, previously worked for Sony and the company has a Japanese recruited locally as its manufacturing director.

The expansion is to take place in a factory provided by the Welsh Development Agency and Mr Gooding said yesterday he was pleased that the public and private sectors have been able to work together to help Race grow and provide so many jobs.

Race has made considerable progress in the last three years in a highly competitive market. AB Electronics, another Welsh concern, has recently invested heavily in surface-mount technology and both Phillips and Timex, other leading players, have been spending heavily on new equipment.

For Race, the investment is almost a fairy-tale story. Four years ago, with the collapse of the home-computer market, the company was all-but on its knees.

Turnover dropped to £3m in 1985 from £14m in 1984 as sales of the BBC's Acorn computer – a major end user – dried up. Since then, the profile of its business has changed to electronics assembly and turnover has shot up to a forecast £36m this year.

● Pilkington, the UK glass company, is reorganising its defence electro-optical division to strengthen the high technology aspects of the group's business, writes Terry Dodsworth.

The company said yesterday that the reconstruction would bring together the two main divisions operating in the electro-optical area.

Kevin Brown examines the reaction to calls for urgent action to improve ferry design

Safety vies with costs in ro ro row

BRITAIN'S shipowners reacted sharply yesterday to calls by the Royal Institution of Naval Architects for urgent design changes to improve the safety of roll on roll off vehicle ferries.

The General Council of British Shipping, which represents most UK ferry owners, said the institution appeared to be calling for ro ro ships to be scrapped, and accused it of "over simplifying important issues in the debate."

The council added with heavy irony that it was "curious" that the institution felt able to come to specific conclusions while research funded by the Transport Department was still going on.

The statement which prompted this attack followed months of discussion among ship designers about the lessons of the capsize of the Herald of Free Enterprise just over a year ago, with the loss of nearly 200 lives.

Viscount Caldecote, president of the institution, was careful to stress that naval architects were aware of the commercial realities of the ferry industry, and were not seeking to apportion blame for the Herald accident.

But he said that existing ro ro ships were unacceptably vulnerable to rapid capsize, even if they adhered to the existing law.

The remedy suggested by the institution is to increase the buoyancy of ships to give passengers and crew more time to escape after an accident.

This would be achieved by fitting transverse and/or longitudinal bulkheads in the cavernous vehicle decks, where a small amount of water can cause a rapid list; by adding sponsons or bulges (huge buoyancy tanks) to the hull; and by filling spaces where water might enter or collect with buoyant material.

Most of these suggestions have been made before, but their adoption by the institution is bound to increase the pressure for action by the UK Government.

The prospects for this appeared thin, however, as the Transport Department stuck to its position that ro ro ships are safe as long as they are operated properly.

As evidence, the Department pointed out the UK has suffered only two serious ferry incidents in recent years, both caused by human error. These were the Herald, which sank because the crew sailed with the bow doors open, and the European Gateway, in 1982, which sank after a collision because bulkheads below the waterline were left open.

In line with this view, the Department has concentrated on operational improvements such as the use of closed circuit television, boarding cards, loading computers, and weigh bridges.

It has also acted, in the Merchant Shipping Bill currently passing through Parliament, to make masters of ferries legally responsible for safe operation.

The Department is also likely to require around 30 ferries built before 1980 to be brought into line with later safety standards, though no decision has yet been reached.

Shipowners have complained that some of these requirements are unnecessary, and that their costs are being raised above those of Continental competitors which are not subject to the same regulations.

But the cost of these improvements is small - around £250,000 to update the pre-1980 ships. What really worries shipowners is the prospect of unilateral UK action on design changes.

In fact there is little likelihood of this, because the Government has accepted the ferry owners' view that it would drive them out of business. This is because both owners and Government believe passengers would not be prepared to pay extra fares for greater safety in the unlikely event of a collision.

The only practical way to keep UK ferries in business in such circumstances would be to ban foreign vessels from British ports, possibly in contravention of European Community and international law.

In practice, the institution recognises this, even while calling for action, by accepting that its suggestions will have to be passed on to the International Maritime Organisation, the United Nations agency for safety at sea.

Agreements reached by the 131 IMO members have the status of international law, but the organisation is exceptionally slow moving, and regulations can take up to 10 years to come into force.

Even if ministers could be persuaded to support the institution, however, it would be some time before its views could be tabled

URGENT safety improvements to vehicle ferries like the Herald of Free Enterprise (above) were called for yesterday by the Royal Institution of Naval Architects, the professional body for UK ship designers.

The Institution said roll on roll off ferries were "unacceptably vulnerable" to rapid capsize. It accepted that few such incidents had occurred, but warned that a single accident "can lead to catastrophic loss of life, and the risk of such a consequence is too high."

It welcomed improved operating requirements introduced by the Transport Department but said they were "short-term." Solutions to rapid capsize were available and should be adopted now, the Institution said.

The Institution's aim was to influence proposals by the UK Government delegation to the International Maritime Organisation, the United Nations agency for safety at sea.

Mr Paul Channon, the Transport Secretary, has ruled out unilateral action on ship design, which UK shipowners say would make them unable to compete with Continental ferries.

The General Council of British Shipping, which represents most UK owners, criticised the Institution for publishing its findings before the end of Government funded research.

Expanding software groups look to US

BY TERRY DODSWORTH

BRITISH SOFTWARE and computer services companies are looking for growth through mergers and acquisitions, with a strong emphasis on the US market.

The trend emerges from a survey of takeover activity last year, when the number of transactions launched by British companies is estimated to have risen from 51 to 79. In the US, British groups started 11 of the 25 transactions by non-US companies.

The figures were compiled by Broadview Associates, an American investment bank specialising in computer services. They illustrate the trend towards consolidation at the top of the industry.

Mr Bernard Goldstein, a partner of Broadview, forecasts the emergence in a few years of the first computer services company with a turnover of $1bn.

The surge in British interest has been encouraged by differing national accounting rules. British companies can write off goodwill against their balance sheets. Their American competitors have to pass it through their profit-and-loss accounts, thus depressing earnings.

Software transactions often include a large amount of goodwill, the amount by which price exceeds the value of physical assets. That is because the assets of software companies are often high in expertise and low in plant.

Analysts believe other factors behind the takeover trend include internationalisation in all electronics-based markets, where technology is easily moved across national boundaries.

IN BRIEF

UK's latest airliner gets its wings

Britain's latest airliner, the British Aerospace Advanced Turboprop (ATP) twin-engined 64-72 seater, has won its Certificate of Airworthiness from the Civil Aviation Authority, writes Michael Donne.

The first deliveries will be made soon to British Midland Airways, which has ordered three aircraft, with another two on option. Each ATP costs about £7¼m and is powered by two Pratt & Whitney (Canada) turbo-propeller engines. The certification is in accordance with new rules governing airworthiness requirements throughout Europe.

New WDA chairman

Mr Gwyn Jones,a 39-year-old computer software specialist, has been appointed chairman-designate of the Welsh Development Agency. He will succeed Mr John Williams in November.

Mr Jones, a Welsh speaker from Porthmadog in Gwynedd, set up the Corporate Technology Group in Swansea in 1980 after working for British Steel and ICL. He sold the company last year for £8m. Mr Jones said yesterday that he wanted to see Wales "in the forefront of new technologies."

The WDA, like its Scottish counterpart, was set up in 1976 to regenerate the Welsh economy.

Howden wins £4m deal

Howden Sirocco, the Belfast engineering company, has been awarded a £4m contract to supply equipment for a coal-fired power station in China.

The company will build eight fans and two preheaters for the Yue Yang power plant in Hunan province. The contract represents a major order from the Chinese.

TSB, Saga sales push

The Trustee Savings Bank, broadly-based banking group, and Saga Holidays announced plans to cross-sell each other's products to more than 5m people in the over-60s market. The marketing venture is believed to be the first ever between a major bank and a travel organisation, as well as the first time that the over-60s, described by TSB as "an increasingly affluent age group" have been singled out for an intensive sales drive.

There are 11.8m people in Britain over 60 years old and two thirds of all savings are owned by people over 55.

Company Notices

MANAGEMENT: Small Business

European Community

A way through the Euro-maze

Charles Batchelor looks at a taskforce set up to help the smaller company

THE CREATION of the European Economic Community in 1957 appeared to usher in the era of the large European corporation with factories and customers spread throughout the seven founding member countries. At that time the small business was accorded scant attention.

Now, 30 years later, the large company which is truly at home in the community of 12 is still a relative rarity while the European Commission busies itself with a raft of measures aimed at promoting the small and medium-sized enterprise (SME)*.

In 1986 Abel Matutes, a Spanish businessman, was appointed commissioner with responsibility for smaller businesses in an attempt by the Community to bring order to the mass of initiatives which were being launched by other EC directorates.

Despite these efforts many smaller companies throughout Europe remain confused about what the Commission is doing; ignorant of schemes from which they might benefit; and suspicious of the impact of a Brussels-based bureaucracy.

Their concern has been given an added urgency by the community's efforts to create a genuinely barrier-free internal market by 1992. "A single internal market creates an enormous challenge for the smaller company," says Matutes. "We want to convert that into an opportunity. There is the danger we will create a large market with no place for the smaller firm."

To achieve this task Matutes and his fellow commissioners have developed a range of initiatives aimed at simplifying the Community's own book of rules, at opening up its R&D programmes to the smaller firm and at increasing awareness of its activities among businessmen.

Despite initial fears in France and West Germany that the Community would seek to subsidise the small firms sector, Matutes and his team are adamant that is not their role. Providing funds for the smaller company has been left to the European Investment Bank.

From the start, Matutes says, the Community has set out to avoid action which overlapped with national programmes of support. "There is a lot to do on the European level to create a favourable environment for the small and medium-sized enterprise," he says. "I don't want to create privileges for the SMEs. I want to take action which will benefit all companies but with particular impact on the smaller company with its limited resources."

Matutes' first practical move was to set up a small firms task force, headed by Alan Mayhew, an economist who started working for the Commission in 1974 after a period of lecturing at the University of London. Deliberately independent of the Commission's 22 directorates general (departments), Mayhew's team of about 40 full-time staff is housed on the top two floors of an office block near the Commission's Berlaymont building in Brussels.

"We try to avoid creating anything," he explains. "We want to work with existing organisations such as government agencies and the banks. It is advantageous to be a small group in a lumbering bureaucracy."

Perhaps the most important initiative the task force has taken – though one whose direct results are invisible to the outsider – is the assessment it carries out of all new community legislation for its impact on the smaller company.

Officials drawing up new legal proposals must make sure they do not add to the admininstrative or financial load on the SME; that they have looked at alternative ways of achieving the same ends; and that the relevant employers organisations and trade associations have been consulted.

If this has not been done the task force can send the proposals back. "It's a thankless task and it doesn't make you any friends," Mayhew concedes. "The directorates do try and railroad us but the position is getting better now."

One recent success Mayhew claims for the taskforce was reducing the size of company able to take advantage of a relaxation in the Community rules governing the insurance market. Companies above a certain size may in future buy property and liability cover from insurers based anywhere in the community.

Some observers feel, though, that the taskforce achieved only a limited success and that too many smaller companies will not be able to make use of the rule change.

Judging how successful the task force has been in forcing the community's rule-makers to take account of the smaller firm is difficult. Bill Poeton, vice-president of the Community's Economic and Social Committee, which expresses the views of employers, unions and other lobby groups on Commission proposals, says the task force has not been as effective as the committee had hoped.

The Commission, in a review of its own SME policies published last month, called for an improvement in the depth and quality of the analysis contained in the impact statements.

The task force may have adopted the aim of creating nothing itself but it does see a clear role in making the programmes launched by other Commission directorates more accessible to the smaller firm.

The past few years have seen the launch of programmes to stimulate basic research into industrial technologies (BRITE) (see below), information technology (ESPRIT), telecommunications (RACE), technology transfer (SPRINT) and high technology products (EUREKA).

Inevitably these programmes, which involve cross-border co-operation between companies, have been dominated by the larger concerns, with the resources to establish international links and to understand the Brussels bureaucracy.

"We are working with the directorates involved in these programmes to make sure the administrative rules don't discourage them," says Mayhew.

One way of making the programmes more accessible is to split them up into smaller projects, explains Arturo Garcia-Arroyo, director of technological research in the directorate responsible for science, research and development.

"It costs time and money to participate in these programmes," he says. "SMEs don't have enough of either to spend three months writing a proposal and finding partners."

Garcia-Arroyo is working on a plan to break up some future BRITE contracts into feasibility projects worth about Ecu25,000 each compared with the Ecu2m contracts typical at the moment. He hopes to provide 75 per cent of the cost of about 100 of these smaller projects a year.

But for the present at least, despite the Commission's policy of open tendering for these contracts, the advantage still lies with the larger companies.

"It helps to be in on the discussion stage of new programmes," says Alison Runchman, joint founder of a Brussels consultancy which keeps a close eye on Community matters. "The Commission is now preparing its BRITE II programme and is deciding on priority areas of research. It is more difficult to put a suitable proposal together if you only have the two to three months you get after it is announced in the Official Journal."

This problem of keeping the smaller company informed about the Community's activities has taken up a lot of the taskforce's time. Its answer has been to create a chain of European Information Centres or "guichets" linked by means of an electronic data base to Brussels and to other guichets around Europe.

"The guichets are the first opportunity the SMEs have had to criticise us and ask questions," says Matutes. "They will help us avoid the risk of becoming isolated from the smaller companies."

A pilot network of 39 has been set up using existing business information centres as a channel for the information. It takes in such diverse outlets as the Association of Industries of Northern Greece in Thessalonika, the Chamber of Commerce in Strasbourg and the Scottish Development Agency in Glasgow.

A recently completed survey showed that a quarter of the questions coming in related to the internal European market, a fifth to the Community's R&D programmes while other popular areas concerned company law, statistical information and "How to get money out of Brussels".

But information links are only part of the Community's ambitions. The task force is revamping an idea first launched in 1973, to promote co-operative ventures between companies. The BC-Net will create computer links between 350 consultants, accountants, development agencies and banks throughout the community to deal with requests for co-operation. A pilot scheme involving a search for 100 Irish companies keen to establish international links was unveiled last month.

The Community has also backed the creation of a chain of science parks – known as business and innovation centres (BICs) – around Europe. At present 47 have been established or are being set up to provide premises, support and advice to high-tech companies.

Despite the Commission's policy of avoiding the duplication of national activities there is an overlap between the innovation centres and similar national networks of innovation centres and science parks already established in the more highly developed Community countries. "I would be a brave man if I said there was no duplication," acknowledges Christopher Norman-Butler, executive chairman of the BICs.

For all the energy the Commission puts in to wooing the smaller business it has a long task ahead of it to overcome the misunderstandings and the mistrust which has built up over the 30 years. "We've gone through our first year launching lots of initiatives," notes Mayhew. "I think people now recognise we are developing sensible policies. I think the business community appreciates us."

Businesses with fewer than 500 employees, less than one-third of their assets held by large companies and fixed assets valued at no more than Ecu75m (£50m).

BRITE start for consortium

IT TOOK Simon Standley almost a year of preparation before finally, last October, his welding equipment company and three German partners won a Ecu1.4m contract under the Community's BRITE (Basic Research Industrial Technology Europe) scheme.

The consortium will spend the next four years developing an automatic system for regrinding the worn edges of jet engine turbine blades. This job is currently done manually but an automatic system would speed up the process, cut wastage and reduce the area of the titanium blades exposed to high temperatures.

Standley's company, Precision Systems of St Ives, Cambridgeshire, employs just 12 people and has annual turnover of £600,000. It has teamed up with a small German company, Isotopen-Technik Dr Sauerwein, which will supply image-processing and computing equipment; Aachen Technical University which is providing expertise in the field of sensors; and the German Nuclear Energy Research Centre at Julich which is helping with X-ray technology.

On the advice of a local consultant, Standley went to Brussels to meet officials from the science, research and development directorate responsible for BRITE. "They were very approachable," he recalls.

Having had a positive response from the Commission officials Standley then got in touch with the Technical University which put him in contact with Isotopen-Technik and Julich. Applications were due in by the Spring of 1987; Standley spent a lot of time on the telephone and arranged a meeting in Aachen to put together the proposal.

As leader of the consortium, Precision Systems had to ensure that the application form was filled in correctly. This involved answering 35 pages of questions on the consortium members, the curriculum vitae of the key individuals, a summary of the project, costings, and the technology.

Standley describes the administration involved in the project as quite straightforward but stresses that the key to participation is in making the effort to understand how the Community programmes work and to find the partners.

Apart from providing finance which would not have been available from any other source, the project should create commercial openings in Europe, says Standley.

"I think we hit BRITE at the right time," he comments. "A lot of the early funding went to large organisations but now they are keen to bring in smaller companies."

Simon Standley: right time

Prospects of paper from Paperback

BY CHARLES BATCHELOR

MOST CO-OPERATIVES in Britain are small organisations – partly because that is what their members want but also because the traditional co-operative structure makes it difficult to raise outside capital.

With the growth in the popularity of co-ops in recent years, however, a number of successful small businesses has been created which are finding the normal financial constraints irksome. Attempts have been made to solve this by the creation of "equity participation co-ops" which are more easily able to issue shares – but this formula has failed to catch on.

Paperback, a London-based co-op which supplies re-cycled paper products to printers and stationers, is attempting to finance its expansion plans with a £50,000 five-year loan stock issue which went on offer yesterday. As is usual with loan stock, holders will not have a say in the business's affairs.

The stock, available in multiples of £100, carries a minimum interest rate of 5 per cent though this may rise to a maximum of 3 per cent above base rate if profit performance allows. Anyone taking up five units will be charged only £475 for stock redeemable for £500.

Paperback's prospectus*, printed naturally enough on recycled paper, shows how the co-op has grown from sales of just over £53,000 in 1984 (producing a loss of £6,789) to turnover of £314,000 and profit of £16,506 last year.

It is forecasting pre-tax profits of £87,000 on turnover of £1.8m in 1992 but needs the extra money to fund its increased working capital needs and an increase in its five-strong workforce.

A handful of co-ops has issued either shares or loan stock in recent years though sometimes this has been to a single outside investor such as a local authority or a trade union. Paperback believes, however, that it is the first co-op established under Industrial and Provident Society rules, which require at least seven members, to make a loan stock issue for a very long time.

There is a growing interest in the funding of co-ops. Industrial Common Ownership Finance, which raises finance for individual co-ops, says an issue last year of £500,000 worth of 6 per cent preference shares was oversubscribed.

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10 Cannon Street, London EC4P 4BY

U.S. or U.K.

Investor required for unique product with proven record. Would appeal to those in the Corporate Incentive or Travel market.

Please write Box F8013, Financial Times,
10 Cannon Street, London EC4P 4BY

ESTATE AGENTS

London Estate Agents with a number of centrally located offices are seeking funding from an institutional investor for future growth.

Write Box F8016,
Financial Times, 10 Cannon Street,
London, EC4P 4BY

Dealing Room and Computer Wiring

Small expanding Communications company involved with cable installation and wiring of various dealing room equipment in the City and surrounding area seeks additional contracts.

Write Box F7739, Financial Times,
10 Cannon Street, London EC4P 4BY

CONSULTANT and LECTURER in MANAGERIAL CONTROL

Seeks appointment as Non Executive Director.

Write Box F8008, Financial Times,
10 Cannon Street,
London EC4P 4BY

"Genuine, knowledgeable Stud Owner in Suffolk, would like to hear from anyone interested in forming a thoroughbred breeding/racing syndicate. Intention is to form a viable commercial syndicate but with a sporting interest. Good contacts with breeders and trainers. All replies in strictest confidence. Individuals or companies." Box F8020, Financial Times, 10 Cannon Street, London, EC4P 4BY

OFFSHORE HOLDING COMPANY With substantial funds is interested in acquiring majority shareholdings in U.K. private companies. Interested parties should write to. The Managing Director, United Mills Inc., P.O. Box N.8326, Nassau, Bahamas

YOUR MAYFAIR OFFICE - Full commercial and secretarial support. For details phone Mr James, 01-499-0321

PENSION FUND MANAGEMENT

A typical return for a pension fund managed by GREENE & CO for the year ending 31st December 1987 was:

25.4%

If you require this style of investment management may we suggest that you consult your actuary and then write to:

S H J A Knott, Greene & Co,
12A Finsbury Square, London EC2A 1AS

WANTED: UK DISTRIBUTOR REPETITIVE MANUFACTURING SYSTEM

A reputable USA software company is seeking a UK distributor for its successful PICK based Repetitive Manufacturing System.

Suitable companies will have a proven track record in selling and supporting Manufacturing Systems and will be able to demonstrate financial viability.

Interested companies should apply by sending a brief company profile to: FT BOX No. F8002, The Financial Times, 10 Cannon Street, London EC4P 4BY.

RETAIL WAREHOUSE INVESTMENT IN KENT

LET TO GREAT MILLS DIY (RMC plc)
SUBSTANTIAL TAX 100% ALLOWANCES (100%)
LOT SIZE £4.4m. FREEHOLD.

de Morgan 01-930-3222

INVESTOR (DISTRIBUTOR) IN THE UK WANTED

New and revolutionary electronic product. Traffic/car related. Patented in the UK. Already in production in Japan. Re-purchases necessary during the year, therefore, enormous sales potential. Interested parties should reply as soon as possible to:

PARK-OCARD LTD. A.S, P.O. Box 109, Skoeyen,
0212 Oslo 2, Norway. Tel: 47-2-500510,
Tlx: 79776 pcard n, Fax: 47-2-525996.

LEADING AUSTRIAN FURNITURE MANUFACTURER SEEKS COLLABORATION WITH UK COMPANY

An outstanding opportunity has arisen for a UK Company or individual with sound knowledge and experience of the UK quality furniture market to collaborate with an Austrian manufacturer on a joint venture basis to market their quality fitted furniture within the UK. Long term and substantially shared relationship sought. Principals please reply to:

Box F8009, Financial Times,
10 Cannon Street, London EC4P 4BY

"OH WHAT A BEAUTIFUL MORNING ..."

Investment required for a National Tour of The Rogers and Hammerstein Musical,

OKLAHOMA!

For further details
contact: 01 226 8561 or
01 311 7186

U.S.A. Comm. Kennel

estab. 1935 140 dog capacity-lg. Mgrs. apt. 20 acre estate-8 rm. house Horse barn with 5 box stalls Lg. capacity artesian well 30 min. to Bdl. Int'l Airport 1.2 million - will divide land J. Bortle, 141 Porter Rd. E. Longmeadow, MA 01028 USA 413-525-3532- Western MA area

BROKERS REQUIRED

For expanding Leasing Company. We are interested in Lease values from £500 to £500,000. Please send full details via

Box F8014, Financial Times, 10 Cannon Street, London EC4P 4BY

ASSIGNMENT WANTED

FCA, wide experience, shirt sleeves approach, excellent references seeks interesting 3 to 6 month assignment in central London.

Telephone 04846 5876 or write to Box F8019, Financial Times, 10 Cannon Street, London EC4P 4BY

Employment Agency

Privately controlled, but rapidly expanding and heading for USM flotation, seeks capital injection from equity participant.

Write Box F8023, Financial Times,
10 Cannon Street, London EC4P 4BY

Flat Glass Merchanting And Glazing Company

Old established company, turnover £3m, wishes to raise capital. Would consider equity participation or outright sale as going concern.

Write Box F8021, Financial Times,
10 Cannon Street. London EC4P 4BY

FINANCIAL SOFTWARE

We have developed a specialist program, presently in use in the banking and finance sector, and seek an association with a systems/software house with a view to entering into a licensing/marketing agreement. We would therefore be interested to hear from established companies who possess the experience and credibility to successfully market our program.

Write Box F8003, Financial Times, 10 Cannon Street, London EC4P 4BY

MORTGAGES

On Commercial & Industrial Properties at prime rates 5/10 years. Interest only. Minimum loan £250,000

Apply to:
HIRSCH
Europe's Leading Finance Consultants
HIRSCH INT (Financial Services) LTD
15 Berkeley Street, W1
Tel: 01-629 5051 Fax 409-0419

£350,000 AVAILABLE

Businessman would like to invest his time and money in helping a business to grow. Working Directorship and shareholding required.

Tel: 01-267-8469

MANCHESTER £100,000

World beating product already in production requires approx £100,000 backing to really exploit its technological lead. We would prefer a decisive individual able to back his own judgement rather than committees, middlemen or consultants!

Tel 061 788 9727
Fax 061 788 9664

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Newcomers to London Limited
10a The Mall, London W5 2PJ
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TOP TEN CARD CO. LIMITED

Company with this original name for sale. Never traded. Offers invited/

Tel: (0481) 22608

Aircraft for Sale

BUSINESS JET SALES
Support Package

EXECUTIVE JET CENTRE HEATHROW

Fields
David King
Tel: 01-759 2141
Telex: 916123
A subsidiary of Hunting Associated Industries plc

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Arrange your conference/seminar in superb sporting surroundings within easy access to Heathrow, Motorways + Piccadilly Line. Find how it is possible to mix business with pleasure.

Details: Jane Williams
01 848 1073 D.L.S.R.C.,
Southall Lane, Middlesex, TW5 9PE.

Businesses For Sale

SHOULD YOU SELL YOUR BUSINESS?

The Budget proposes major changes to your tax position if you sell your business.

Robson Rhodes offers a complete advisory service from *valuation of the business and tax* planning through to negotiating *the deal.*

We're expert, professional and independent.

Contact Clive Sanford or Charles Crombie on 01 251 1644 now (or write to the address below).

ROBSON RHODES
Chartered Accountants
186 City Road, London EC1V 2NU

F. H. DOWNS LIMITED

The Joint Administrative Receivers offer for sale the business and assets of the F. H. Downs Group. *The Group is involved in the design and manufacture of light industrial furnaces and mechanical hauling equipment, primarily for the food industry.*

Principal features of the business include:–

- ★ *Leasehold premises of approximately 40,000 sq ft* in Slough
- ★ Access to a skilled workforce
- ★ *Average annual turnover of £3.5 million*
- ★ Substantial recurring contracting work for major local industries and an order book of £600,000 for furnaces
- ★ Significant level of current contracts in progress
- ★ Plant and machinery
- ★ Stocks of raw materials and spare parts.

For further information please contact:–

John Talbot, Lee Manning or Peter Mills
Arthur Andersen & Co.
P.O. Box 55, 1 Surrey Street,
London WC2R 2NT
Telephone : 01-836 1200
Telex : 8812711
Fax : 8311133

ARTHUR ANDERSEN & CO.

Metal and Paint Sprayer
North West

Spicer & Oppenheim seek serious offers for a specialist large capacity metal and paint spraying business. Now operating profitably from freehold premises with heavy lifting capacity, the company generates annualised sales exceeding £500,000 and could accommodate pre- and post-treatment assembly if required.

Principals only should contact, in the first instance: W T Booth, Spicer & Oppenheim, 12 Booth Street, Manchester, M60 2ED. Telephone: 061-236 9721. Fax: 061-228 2681.

SPICER & OPPENHEIM
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FURNITURE RETAILER BUSINESS FOR SALE MALL HOUSE FURNISHERS LIMITED (IN RECEIVERSHIP)

C&L

Offers are invited for the business or part thereof of this company which operates as a furniture retailer.

- ★ extensive shop premises are owned at Dalkeith (14,300 sq. ft.) and Bathgate (11,000 sq. ft.).
- ★ leasehold warehouse facilities in east Edinburgh.
- ★ substantial stock for sale and considerable customer order book.
- ★ annual turnover approximately £1.5M.

Cork Gully

For further particulars apply to:
D. J. Watt,
Receiver,
126 George Street,
Edinburgh
EH2 4JZ.
Ref: 605/RM.
Tel: 031-226 3114
Fax: 031-220 0145
Telex: 728289

CHILDS WEAR MANUFACTURER
Cumbria

The Joint Administrative Receivers offer the business and assets of Supamoor Limited for sale as a going concern.

Principal features comprise:
- Refurbished leasehold premises, with unexpired rent and rates free period
- *Modern plant and machinery*
- Motor vehicles
- Trading stock
- Forward order book in region of £500,000
- Fully trained workforce

For further details please contact:
P. T. Masterson or M. T. Seery

KPMG Peat Marwick McLintock
Unicentre, Lords Walk, Preston PR1 1LQ.
Telephone: (0772) 50821

Clothing Manufacturer /Medical Marketing
Wrexham

The Joint Administrative Receivers of Hygicare Ltd, offer for sale the business, business assets and goodwill of the company, together with the Medical Marketing Division. *The company is a manufacturer of industrial and military* clothing and leisure wear, and is a current holder of AQAP 4 Assessment. Turnover approximately £3 million per annum. Freehold modern factory in development area, 85 employees.

Contact either Alan Barrett on 01-236 6500 at Deloitte Haskins & Sells, 128 Queen Victoria Street, London EC4P 4JX. Telex 894941, Fax 01-248 3623 or Paul Davis on 0978 836161.

Deloitte Haskins+Sells

Precision Engineers
Hinckley, Leicestershire

The Business, business assets, goodwill and freehold factory of S.A.S. Precision Limited are offered for sale.

The company operates from freehold premises at Barwell, Hinckley, Leics., specialising in the manufacture of precision components for aero engines and armaments.

Annual turnover of £750,000.

For further details contact Kevin Haycock or David R Wilton, the Joint Administrative Receiver, at Deloitte Haskins & Sells, Edmund House, 12-22 Newhall Street, Birmingham B3 3DX.
Tel: 021-200 2828. Telex 337839.
Fax 021-200 2829.

Deloitte Haskins+Sells

FOR SALE DRESS MANUFACTURER

Well established dress manufacturer desires to sell due to retirement. The Company has a factory in the London area producing dresses of a good standard and an article that is well in demand.
This would be a good opportunity for a sound company wishing to increase their production or wishing to expand into a different range.

Hazlems
Chartered Accountants
70/71 New Bond Street, London W1Y 9DE

FOR SALE SATELLITE TV EQUIPMENT DISTRIBUTOR

Business and assets of leading satellite TV distributor for sale as a going concern.

Operating from the South East of England, the company has in place a Sales, Service and Installation organisations serving customers in the IL and Europe.

T/O is 1987 £1.9m. Good leasehold property and high quality office, demonstration, service and installations equipment.

Please apply to Box H3269, Financial Times, 10 Cannon Street, London EC4P 4BY

EMPLOYMENT AGENCY FOR SALE

Profitable and rapidly expanding employment agency, west of London available for sale. Turnover £1.5M. Offers considered in excess of £1M.

WRITE BOX H3274, FINANCIAL TIMES,
10 CANNON STREET, LONDON EC4P 4BY

OUTSTANDING OPPORTUNITY

Immaculate Systems 36 IBM Computer AO Processor with Tape Steamer PC 4 Screens 32 Screen Capacity 520mb Superb Software Flexable Database & Accounts pack PROPERTY/ESTATE/ADDRESS/ MANAGEMENT/MAINTEANCE/ PLUS CONSIDERABLE TAX LOSS ALL FOR SALE ADVANTAGEOUSLY

Apply: Mervyn E Smith & Co Chartered Accountants 294a High Street, Sutton, Surrey, SM1 1PQ Tel: 01 661 2666 Fax: 01 642 9234

FOR SALE

Devon based road haulage company. Well established, operating from purpose built 10,000 sq. ft. depot on 1.2 acre freehold site. Well maintained tractor units and trailers, fully equiped workshop and fuel storage facilities. Turnover 1987 1.2M. For sale as going concern. Principals only

Box H3260, Financial Times,
10 Cannon Street, London
EC4P 4BY

CHRISTIE & CO
East Midlands

Hotel, Freehouse and Restaurant. 12 letting rooms. Turnover £463,283 last year. Net profit £127,000. Now taking £12,000 + weekly. Outstanding proposition. Freehold £798,000.

(Ref 57/40016)

Alan House, Clumber Street
Nottingham NG1 3ED
0602 483100

Businesses For Sale

Barber-Greene England Limited

Manufacturers of Asphalt Paving Machines and Plant.
For sale by the Joint Administrative Receivers.
The Business and Assets including:

- 55,000 SQ. FT. FREEHOLD FACTORY IN BURY ST. EDMUNDS IN 8 ACRES OF LAND.
- PLANT AND MACHINERY
- STOCKS OF PAVING MACHINES.
- SPARES AND PRODUCTION STOCKS.

TURNOVER 1987 £12 MILLION. EXPERIENCED WORK FORCE.

For further information, please contact P.R. Sykes or P. W. G. Dubuisson.

BinderHamlyn CHARTERED ACCOUNTANTS
8, St. Bride Street, London EC4A 4DA.
Telephone: 01 353 3020.

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
PHILIP MONJACK FCA and STEPHEN D SWADEN FCA
in the matter of

ASCONTI LIMITED

Offers are invited for the goodwill and business of the above company with its existing plant, machinery and stock. The company manufactures sofa beds and upholstered furniture from leasehold premises in Waltham Abbey.

Enquiries to be addressed to:

LEONARD CURTIS
Chartered Accountants
PO Box 553
30 Eastbourne Terrace,
London W2 6LF. Ref: 2/RS.

MEDICAL ULTRASOUND MANUFACTURER

As a result of corporate restructuring, the opportunity to acquire the technology and assets of a medical ultrasound equipment manufacturer has arisen.

The Company manufactures a high quality diagnostic scanner, which incorporates a number of unique features. The strong system architecture allows for easy expansion and upgrade of modules.

The current range has been developed by a highly skilled R&D Team. The premises and facilities are suitable for most electronic assembly operations and the facilities include computer control, carousel retrieval, semi automatic insertion, flow soldering, vapour cleaning, and ATE.

An additional product range in the medical electronics equipment field may also be available.

The vendors would be prepared to consider an appropriate joint venture arrangement.

Enquiries to:

Iain T Watters
Arthur Andersen & Co.
18 Charlotte Square
Edinburgh EH2 4DF
Scotland
Tel: 031 225 4554

ARTHUR ANDERSEN & CO

SPECIALIST CONTRACTORS FOR DISPOSAL

Well established (1954) company situated in South London and operating nationally. Turnover £4.5m. Profits pre-tax £0.5m. Activities include shopfitting, refurbishment, joinery, pub, restaurant, hotel and office fittings, museums, banks and domestic interiors. Cash offers will receive priority.

Principals only to Box H3251,
Financial Times, 10 Cannon Street,
London, EC4P 4BY

OPPORTUNITY

Property Company with assured tenancy status available for immediate disposal.
Net assets £300,000.

Please write to Box H3278,
Financial Times, 10 Cannon Street, London EC4P 4BY

RARE OPPORTUNITY AVAILABLE

To purchase totally independent Jersey licenced financial management operation with significant development potential.

Principals only to Box H3252,
Financial Times, 10 Cannon Street, London EC4P 4BY

ACQUISITION OPPORTUNITY U.S. TRANSDUCER MANUFACTURER

Force measurement product line offered for acquisition. Product line is unique in design and unmatched in its broad measurement rang. Established engineering and performance credentials in U.S. aerospace and industrial markets.

The Allison Group, 2715 Bissonnet, Suite 404 Houston, Texas 77005, U.S.A. Telex 362383

HIGH QUALITY REPRODUCTION FURNITURE

Well established, easily managed business selling direct to customer. Excellent margins with strong cash flow and valuable UK mailing list. Genuine scope for expansion, possibly within larger group. Currently based NW England, but readily re-locatable. Having carefully developed a firm base, owner will welcome opportunity to participate in future profitable growth.

Principals only, please, to David Sanston, FCA.,
Milne Booth & Co., 6 Park Square, Leeds, LS1 2LX

PUBLISHER OF SPECIALIST

Reference books and magazines. Turnover exceeds £1M. Expanding. Profitable.

Write Box F8005, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS TRAVEL

Profitable company for sale. Central London. T/O £2.5m. IATA/ABTA. High quality service. Travicom. 11-year lease. Continuing management. Expansion potential.
Principals only write to:
Box H3260, Financial Times,
10 Cannon Street, London EC4P 4BY

INTERIOR DESIGN AND BUILDING CONTRACTOR (STAFFORDSHIRE)

Forecast turnover £1.1m. Excellent potential. Modern freehold premises quick sale.

Principals only reply to, Box H3273, Financial Times, 10 Cannon Street, London, EC4P 4BY

COMPANY FOR SALE - LLOYDS SHIPPING LIMITED

Tel No. 051.647.6259/0
Fax No. 051.647.2190

CORPORATE BARGINS

up to the minute details on companies in receivership, liquidation and business auctions for full details:

BS & IS Boston Road, Henley RG9 1G1 Tel: 0491 579999

PROPERTY

If you are thinking about buying investment property, or moving home or office, call in the experts.
THE RELOCATION COMPANY
01 890 6047

FOR SALE

Old established Travel Agency - Greater Manchester Area - Turnover £4.9M - all Licences - premises Leasehold.

Principals only write to Box H3262, Financial Times, 10 Cannon Street, London EC4P 4BY

CHANNEL ISLANDS based PRINTING COMPANY FOR SALE

Established for many years having a wide spectrum of potential activities.
Price circa £110,000

Further information Write Box H3279, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS TRAVEL

Profitable company for sale. Central London. T/O £2.5m. IATA/ABTA. High quality service. Travicom. 11-year lease. Continuing management. Expansion potential.
Principals only write to:
Box H3257, Financial Times,
10 Cannon Street, London EC4P 4BY

PROPSHAFT/ TRANSMISSION BUSINESS FOR SALE

An opportunity exists to buy a manufacturing facility which has a capability of producing high and low volume propshafts and transmission components, machinery, goodwill and W.I.P. available.
If interested write to:
Box H3259, Financial Times, 10 Cannon Street, London EC4P 4BY

WATER GARDEN CENTRE, SURREY - FOR SALE FREEHOLD

To include 3 bedroom family house. Specialising in water gardens, fish associated plants, marine tropical fish and landscaping and design. Offers in the region of £250,000 s/c.

Contact Chancellors
(0734) 596144.

FAMOUS WORCESTERSHIRE 17TH C. VILLAGE INN

10 Ensuite Bedrooms
Owners Suite 2 Bars
Restaurant
Consent for
Owners Cottage
Parking & Gardens
FREEHOLD AND FREE £350,000

SIDNEY PHILLIPS
Eaton Bishop, Hereford HR2 9UA
0981-250335

Compact specialised boatyard/assets, South Coast

Part freehold, part leasehold (50 years). Yard/foreshore total approx 25,000 sq ft. Operational slipway for 150 tons x 150ft max. Modern workshop/offices. Inclusive £330,000.

Write Box H3244, Financial Times, 10 Cannon Street, London EC4P 4BY

Manufacturer of Intercom and Other Specialist Communications Products

South Cambridgeshire

The Joint Receivers offer for sale as a going concern a well established business specialising in manufacturing intercom systems for markets including marine, petrochemical, military and security. Recently updated product range with high specification approvals for operation in hazardous environments. BASEEFA, MOD 05-21, LLOYDS, HOME OFFICE. The company operates from leasehold premises of approx 13,500 sq ft located on South Cambridgeshire Science Park. Current turnover approx £500,000 per annum from 20 employees.

For further information please contact:
R T Summerfield, Spicer & Oppenheim & Partners (Ref 4NTD), Leda House, Station Road, Cambridge CB1 2RN. Telephone: 0223 460222.

SPICER & OPPENHEIM & PARTNERS
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Manufacturing Opportunity - U.S.A.

Due to family commitments, an outstanding opportunity exists to purchase a UK-owned privately-held U.S. company operating in a specialist area of the U.S. textile industry.

Situated close to the Atlantic Seaboard, the company has shown a remarkable expansion record over the last five years in both sales and profit growth. Turnover is in excess of $11 million and pre-tax R.O.I. exceeds 40%.

Major capital investment in the most modern manufacturing equipment has been undertaken during the period and the company has established itself as a market leader in certain sectors of its product range. Future growth potential is outstanding.

Seriously interested parties should apply to: Box H3208, Financial Times, 10 Cannon Street, London EC4P 4BY.

FOR SALE

Medical Manfg. Co., Plastic Disposable products, Surgical and Clinical, with DHSS, GMP, REGN., modern factory & offices close to M5 £200,000

Write Box H3264, Financial Times, 10 Cannon Street, London EC4P 4BY

UNUSUAL OPPORTUNITY IBIZA, SPAIN

Well established, prestigious, highly profitable antique and decorating business in prime location. Comprehensive stock, fully equipped workroom, freehold buildings and land. Owner will train. Serious principals only.

Write Box H3271, Financial Times, 10 Cannon Street, London EC4P 4BY

Heating & Sanitary Supply Business For Sale

Located in Avon. Expanding turnover currently in excess of £3.5 million. Excellent profitability, Principals only.

Write Box H3267, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE

Davenco Engineers Ltd., (Est 1885). Regional Development Grant status. Freehold Premises and Land (2½ acres) Good road access. Gantry 40' wide lift 10 tons to 23 ft. T/O £300,00: Profitable with good order and customer base.

Replies to proprietor
Sir Harry Llewellyn Charters, Nantyderry, Gwent. NP7 9DN.

HYBRID ELECTRONICS LIMITED

REGISTERED 28 OCTOBER 1976
NO LONGER TRADING
SUBSTANTIAL OFFERS INVITED

Write Box H3266, Financial Times, 10 Cannon Street, London EC4P 4BY

PORTUGUESE BISCUITS & CONFECTIONERY

Opportunity to acquire Lisbon-based manufacturer with recognised trademarks due to retirement. Net Sales £2.5 M04.

Contact J Beatson Holdings Ltd. Attn. D. Lewis, Chesterfield House, 26-28 Fenchurch Street, London EC3M 3DQ. 01-626-1724. Tlx 883026, Fax 283-8363

TOP TEN CARD CO. LIMITED

Company with this original name for sale. Never traded. Offers invited/
Tel: (0481) 22608

FOR SALE MONEY LENDING BUSINESS

Unsecured Loans £50 - £700
(Total £50,000 Loans)
Weekly Collection
Lower Severn Valley Area
- Offers
For Further Details Contact:
Moores & Rowland, 113 Bute Street, Cardiff, CF1 6EQ
Tel (0222) 487731

RAPIDLY EXPANDING MANUFACTURING COMPANY

Supplying the UPVC window manufacturing industry. Owners wish to retire. Management continuity on term basis if required. Modern factory, established customer network, turnover approaching £1.5 million pa above average net profits. This young dynamic company is a market leader in its field.

Write box F8007, Financial Times, 10 Cannon Street, London EC4P 4BY

LARGE BEAUTY SALON AND HAIRDRESSING BUSINESS

South Bucks. Prime town centre. Good retail. First class lease. Vendor retiring. £170,000

Write Box H3253, Financial Times, 10 Cannon Street, London EC4P 4BY

SMALL SWISS BANKING COMPANY (Section 4.20) For Sale. Founded in 1983 with 170 square meters premises and commercial lease. Offers in the area of 5 millions SF. Please send enquiries to: Fiduciaire P.E. Fonjallaz Experco S.A., 72 Grand-Pre, 1211 Geneva 16"

LANGUAGE SCHOOL South Coast location in prime position. Established many years and with worlwide representation. Open all year round. Unexpecedly offered as a going concern with excellent leasehold premises. Benefit of summer season. £375,000. Replies to Box H3272, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses Wanted

PLC CO.

Seeks investment in, or acquisition of computer software or computer systems house. Substantial funds available.
Please write in complete confidence to:

The Chairman Box H3258,
Financial Times, 10 Cannon Street,
London EC4P 4BY

A BIGGER AGENCY

Successful Advertising, Marketing and Public Relations Group in the South East seeks acceleration to expansion. One option is to take-over or merge with a similar agency to pool resources and facilities - while extending the client base, expertise and potential.
Objectives: New challenge and greater profit.
Replies treated in strictest confidence.

Write Box H3275,
Financial Times,
10 Cannon Street,
London EC4P 4BY

PLC VEHICLE REQUIRED

By medium sized property company, for further expansion.
Please write in confidence to: Ref: 912, Scala Estates, Scala House, Holloway Circus, Birmingham B1 1EQ

STEEL STOCKHOLDING

A large and successful company, which sees further potential in the above industry, has decided to substantially expand its steel stockholding activities and wishes to purchase outright or buy an increasing equity stake over some years, a company, or companies, trading profitably from one or more locations, mainly, but not exclusively in the General Steels sector. The aim is to increase existing turnover from between £50M to £100M per annum.
Please write to:

Beckman & Beckman
Solicitors
20 Balcombe Street
Dorset Square
London NW1 6NB
Quoting reference: SB

Prime West End Hotel

required, 120-200 rooms, for European Buyer, please contact LTC Ltd., Telephone 0734-774723 or Fax No. 0734-771864

£350,000 AVAILABLE

For a shareholding and working directorship in a profitable business.
Tel: 01 267 8469

PROFITABLE COMPANIES WANTED

We are a medium sized, diverse fully listed PLC. We have expanded significantly over the last few years through a policy of both organic and inorganic growth and are looking to continue with this strategy.

You will almost certainly be the principal shareholder/manager of a private company, probably, but not exclusively, in manufacturing, who has developed a business with a firm base and a good profits record. You will want to capitalise on this effort whilst still retaining management responsibility and sharing in the future expansion.

If the idea of joining a group dedicated to corporate and personal growth appeals to you, then contact us in confidence. All replies will be forwarded unopened from:

Box No. H3086 Financial Times, 10 Cannon Street, London, EC4P 4BY.

Mechanical Services Pipework & Hydraulics

Successful expanding private company is seeking to acquire businesses engaged in the above fields, either as installers or component distributors.

Write Box H3270, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS EXECUTIVE With Capital available seeks profitable business. London/South East. Please send particulars in confidence to: H.A. 6, London Road, Bromley BR1 1BZ

REQUIRED FOR ACQUISITION

WATER/WASTE/ENVIRONMENTAL TREATMENT

Rapidly expanding UK Market Leader seeks companies with turnover £1m plus in UK/Western Europe for investment and expansion.
Possibility of continuing equity participation.
Telephone 0333-371773 (310247 Evenings) or write in strictest confidence to:

John Mason, Managing Director
Scott Jardine Associates Ltd
Management Consultants
21 Ashbourne Road
DERBY DE3 3FQ

SCOTT·JARDINE·ASSOCIATES·LTD

BUSINESS WANTED ALSO APPEAR TODAY ON PAGE 6

ABOVE AVERAGE PRICE

An above average price will be paid by fast growing Public Company for businesses related to services, property, distribution, retailing or expanding niche areas. To arrange confidential meeting,
Write to Box H3089, Financial Times, 10 Cannon Street, London EC4P 4BY, or telephone (01) 278-7474

European commodity trading group wishes to acquire small to medium-sized London based commodity business.

Preferably (but not essentially), the company should be dealing as principal in raw materials for the food industry.

Reply ref. RC/1 to Corporate Finance Dept.
Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS

Businesses For Sale

Courier/Despatch Business Central London

Assets valued at £100,000
Quick sale price £50,000.
Write Box H3256, Financial Times, 10 Cannon Street, London EC4P 4BY

Company Notices

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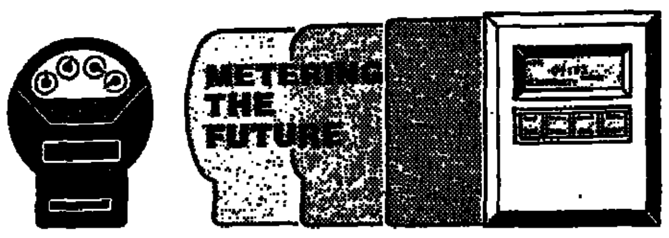


Meter reading is set to undergo a revolution. *Clive Cookson, in the first of a three-part series*, examines how direct monitoring of households can save utilities money

THE UK electricity and water industries are having a renewed burst of enthusiasm for remote communication with household meters. They want to introduce a two-way system of communication, which will enable them both to "read" meters from their headquarters and to introduce differential tariffs directly related to demand.

The water industry needs to find a new system for charging households once domestic rates – the traditional basis of water bills – are abolished. It wants to charge on the basis of consumption, and experiments with different water metering systems start in April 1989 in 11 parts of England. The trials are designed to test several tariff structures and their impact on demand, and to investigate the cost of installing meters.

Water authorities do not want to have to recruit an army of meter men to read 20m household meters. (The electricity boards employ 5,000 meter readers.) So the Water Metering Co-ordinating Group is anxious to include remote meter reading in at least one of the 11 trials.

For the electricity industry the appeal of new metering technology lies less in remote reading than in improved load management. Over the last decade industrial demand for electricity has levelled out in response to multi-rate tariffs which put up the price during peak periods when more expensive generating capacity had to be used. In contrast, the pattern of domestic consumption has changed little over the same period; there is still a steep peak in the early evening.

Many policy makers in the electricity industry want to level demand by introducing domestic multi-rate tariffs. These tariffs would be made effective by remote communications with meters (see accompanying articles). Trials during the mid-1980s showed that people understood variable tariffs and were willing to switch off appliances such as immersion heaters and deep freezers (or have them switched off by the utility) at peak periods to save money.

After a lull of about three years, the electricity industry is preparing for a new round of trials. Much the largest involves the Mainsborne system which sends signals down the electricity mains themselves. This was developed by Thorn EMI for the Electricity Council and was tested successfully in 1,000 homes in London and Milton Keynes during 1984 and 1985.

A full-scale trial of the Mainsborne system in 200,000 houses in South London is being planned. Negotiations between the London Electricity Board and Thorn EMI have been dragging on for longer than expected, but both sides seem confident that the project will go ahead.

Privatisation of the electricity supply industry is expected to provide a further incentive to spread consumption more evenly. When the present area boards become commercial distribution companies they will not want to subsidise their customers' peak-time electricity consumption.

Unfortunately both the water and electricity industries are facing a serious obstacle in introducing two-way meter communications: British Telecom. The simplest and cheapest communications medium available to them is the telephone system, but BT is not prepared to co-operate in trials involving fewer than 50,000 meters. According to the company's technical spokesman, Derek Willson, small-scale trials are not worth the effort BT would have to put into them.

BT's lack of commitment to remote meter reading has crippled a new type of electronic meter called an Energy Management Unit (EMU) developed by Mullard, the UK subsidary of Philips, with funding from the Electricity Council. The EMU's facility for transmitting readings by phone cannot be used when it is tried out in 700 houses later this year.

One reason why the electricity industry is developing Mainsborne communications – despite the fact that the electric mains are intrinsically far less suitable for transmitting data than the telephone system – is that this system would be under its control and would not require BT's co-operation.

Martin Hall, project manager of the national water meter trials, says that water authorities would be happy to share Mainsborne communications with the electricity industry if the system proves itself during the 1990s. But the Mainsborne system will not be ready in time for the trials starting next year.

Although time is running out, the Water Metering Co-ordinating Group has not abandoned hope of enlisting BT's support and including telephone-based remote reading in one of its 11 trials, at Haling Park near Croydon. Bob Garrett, regional engineer at Thames Water, says this would be based on "no ring dial up" technology which makes use of the test line telephone engineers use to check customers' phones without making them ring. This approach has been used successfully in the US by Base Ten, a telecommunications company based in New Jersey.

Ashley Pocock, a consultant employed by Base Ten to set up a UK remote meter reading trial, says the American company is prepared to devote substantial resources *to adapt its system to* British conditions. He argues that BT would not need to spend much to support the Haling Park trial and could eventually gain a significant income from telephone-based meter reading.

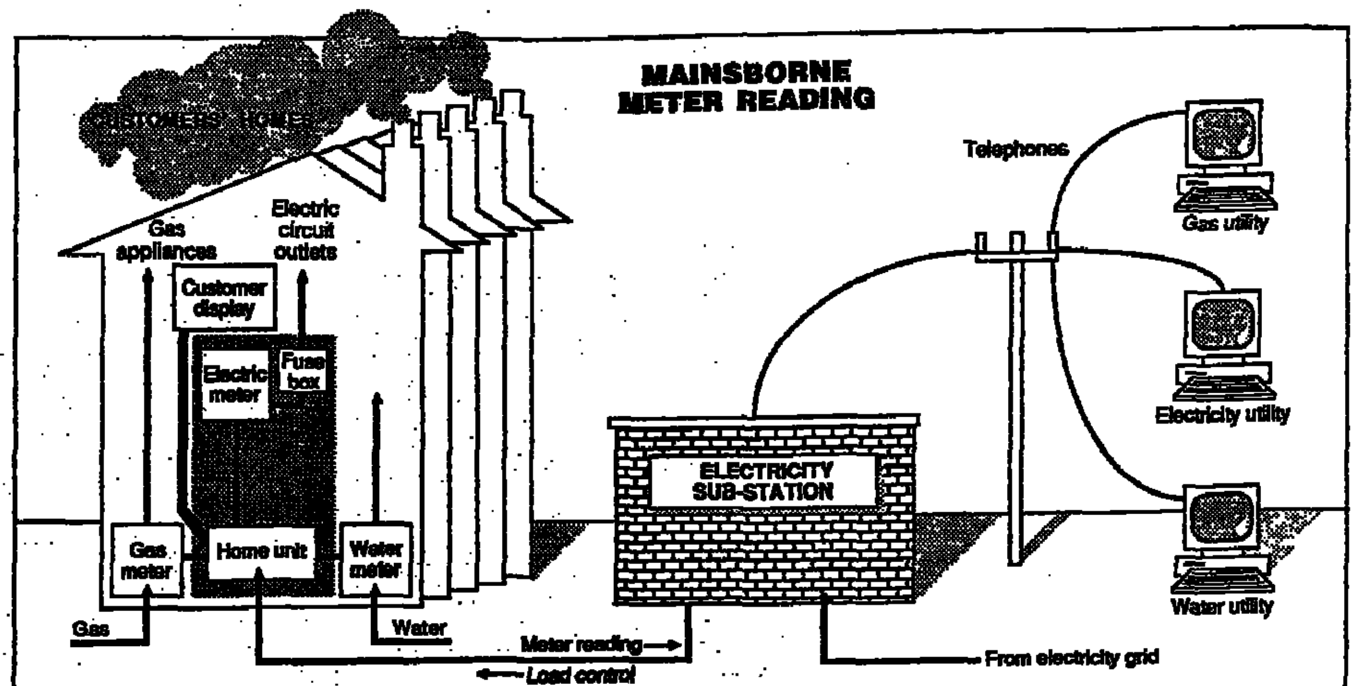
British Gas took part in the 1984/85 Mainsborne trial but is now taking little active interest in remote meter reading. "It's not cost effective for us at the moment," says the company's technology director Gerry Clerehugh. Load management is less easy for gas supplies than for electricity and unlike the water industry British Gas has a huge number of existing meters.

Together, the UK electricity and gas industries spend an annual total of about £80m – or £4 per household – on employing people to read household meters. The capital costs of installing a nationwide remote reading network are very hard to estimate, but they might be in the region of £2bn, or £100 per household. If so, the system would take at least 20 years to pay for itself in terms of reduced labour costs (or longer if the current trend towards reading meters twice yearly rather than quarterly continues).

However, this rough calculation does not take account of the benefits the system would bring in terms of improved load management and national energy savings, which are almost impossible to quantify.

In the long term it would make sense for the three utilities to share a common communications network for meter reading and load management. But for this to happen the gas and electricity utilities have to overcome their *traditional rivalry and co-operate* on the scale required.

Next Tuesday's Technology Page will look at developments within water and gas metering.



Mains

MAINSBORNE signalling has great appeal for the electricity supply industry; it uses its own cables and does not depend on telecommunications or broadcasting companies. The disadvantage is that the flow of electricity creates such a lot of interference, especially at peak periods, that messages may fail to reach the meters.

Although electric companies in many countries have experimented with the technique, the most serious work so far has taken place in the UK. The Mainsborne system was developed by Thorn EMI on the basis of a military communications method known as spread spectrum signalling. This uses a frequency range hundreds of times wider than the data requires, so that the overall message survives when part of the bandwidth is obliterated by interference.

Mainsborne trials involving 1,000 houses in 1984/85 showed that the technique could be used for remote meter reading and load control. But messages failed to get through as often as 30 per cent of the time at peak periods, which would be an unacceptably high failure rate for an operational system.

The large-scale system planned for 200,000 houses in South London during the early 1990s incorporates *several technical* changes. In particular, some of the home units will act as "repeater stations", re-transmitting signals to improve their chances of getting through at times of high interference.

Thorn EMI engineers are aware of widespread doubts in the industry about whether a large Mainsborne system can work in London, which has some of the noisiest electricity mains in the world. But the project manager Don Billington says: "We believe the technique we're using is revolutionary – and can overcome the problems."

In the US, General Electric (GE) has stopped development work on a similar "power line carrier" system. William Gingrich, general manager of GE Meter and Control, says it would be uneconomic to run – and operating differences between electricity networks mean that *expensive adaptations* would be necessary each time a new system was installed.

Radio

RADIO Teleswitching is the only means of communicating with the meter that has moved beyond the development stage to full-scale operation.

It is a one-way communications system, developed jointly by the BBC and Electricity Council, which uses the Radio 4 long-wave transmitters to send coded signals to a small receiver fitted beside the electricity meter. The signals (which are inaudible on a normal radio set) can activate switches to alter the tariff on a multi-rate meter or to turn selected appliances such as heaters on and off.

Two hundred thousand radio teleswitches manufactured by GEC Meters and Sangamo have been installed throughout the UK over the past three years, and several other companies are about to enter the market. In the autumn FML, a UK subsidiary of Siemens, will launch a teleswitch combined with an electronic meter in a single unit.

Most teleswitches so far have been used to switch domestic storage heaters on and off in conjunction with the Economy 7 tariff, which provides off-peak electricity for seven hours per day at less than half the normal tariff.

The system allows each electricity board to switch Economy 7 customers on and off at times that suit its daily operating requirements, instead of being restricted to a fixed period on a time switch.

A trial to explore the potential of teleswitching for more sophisticated load management is due to start next winter with funding from the European Community. Teleswitches combined with multi-rate electronic meters made by Sangamo will be installed in 1,000 homes. The point is to observe customers' reaction to flexible three-rate and five-rate tariffs.

"We see radio teleswitching as a very effective low-cost solution to basic load management," says Alan Dick, who runs the Electricity Council's metering projects.

Of course *a one-way system* like radio teleswitching cannot be used for remote meter reading. But a mobile radio system is being tested in the US to read meters. Vans equipped with short-range transmitters and receivers tour the streets, sending signals to nearby houses. The signals activate a transmitter in the meter, which sends its reading in a coded radio signal back to the van.

Telephone

THE FIRST UK experiment with remote meter reading via the telephone network was the Credit and Load Management System (CALMS) trial in 1984/85. This was very popular with the 300 families that took part – many asked to keep their CALMS units after the trial ended.

The consumers cut their electricity bills by up to £25 a year, taking advantage of the multi-rate tariffs and information about consumption displayed by the units. They did not mind when the electricity board used the system to switch off certain appliances, such as heaters and freezers, at peak periods.

British Telecom installed expensive special equipment in local telephone exchanges to support CALMS but said that its simplified successor, the Energy Management Unit (EMU), could run on Bitstream, a new BT service for transmitting low volumes of data to and from home computers. Unfortunately BT scrapped Bitstream last year because it would be too expensive to operate and has nothing to offer in its place.

The Electricity Council and Mullard (part of the Philips group) have continued to develop the EMU as an advanced multi-rate electronic meter but it is now only capable of one-way communications. It incorporates a radio teleswitch (see article above) for load control, but the meter has to be read by someone coming to the house.

In the US, telephone-based meter reading is making better progress, though utilities and telephone companies are somewhat reluctant to co-operate with each other. The incentive for remote reading is greater in the US because the utilities send out monthly bills, in contrast to the UK where bills are normally quarterly.

Hackensack Water Company claims to be the first utility to extend automatic meter reading to all customers. It is installing a Base Ten system in 168,000 homes and businesses in northern New Jersey. This system will be complete by 1990.

ARTS

Henze Festival/RAM

Paul Driver

An orchestral concert at the Royal Academy of Music on Friday ended a week of Henze festivities there which formed the fifth of the Academy's annual celebrations of a distinguished living composer's work. The previous festivals – devoted successively to Lutoslawski, Tippett, Penderecki and Messiaen (all taking place, like this one, in the composer's presence) – have been extremely successful, educationally and artistically. I found this one less artistically interesting than its predecessors, only because Henze's music is itself so consistently uninteresting.

Few living composers have enjoyed Henze's *réclame* or made as much money as he, yet there can be few reputations founded on so little concrete musical achievement. Henze is not a great composer, but he is a great note-spinner, perhaps the greatest in the world today. His facility is notorious (his *oeuvre* at 62 is monstrously large) and almost always directly audible in a performance of his scores.

It is in the service, it seems to me, of two things: giving, *à la* Hindemith, players something to play (a moderately laudable ambition); and expressing Henze's desire to be an artist. The will-to-expression is enormously strong in Henze's work, and manifested by the sheer quantity of notes; but expression itself, as created by the quality of the notes, is weak and often arbitrary. Sometimes – in a sympathetic performance – the will-to-expression wins out, and the insistent, over-long scores make an impact. Usually Henze's desire to be an artist works insidiously with his fluency to produce kitsch.

When he decided in the big work of 1975, *Tristan* (which we heard on Tuesday night in a brave performance by the RAM Repertory Orchestra) to enact the nightmare death of Romanticism, and quote bits of Brahms and Wagner on the way, the result was Romantic kitsch. When he simply writes an atonal wind quintet – *L'Autunno*, played on Wednesday – the result is atonal kitsch, sour and purposeless. Henze even manages to make kitsch in the pure state kitschy, as witness his appalling *Ragtimes and Habaneras*, a Cuban pastiche for brass band given in the same concert.

It was no surprise then to discover on Friday that his colossal seventh symphony – four movements of quasi-traditional argument with a generically Mahlerian reference – was nothing else than symphonic kitsch. Though its performance by the RAM Symphony Orchestra under Nicholas Cleobury in the cramped acoustic of the Duke's Hall was inevitably less than ideal (but, again, brave), its strident relentless expressivity and occasional sops to lyricism could not delude us for a second that we were having an actual symphonic experience. There was no space amid the frantic masses of sound for music, no ease for invention, no classicism, no air, no artistic love at all. The early (1963) variations *Los Caprichos*, with their Stravinskyan rhythmic impulsion and distinctive orchestral glitter, were infinitely preferable.

The Haunting Tree/ICA

Michael Coveney

Axis Mundi is a new theatre company formed at the intersection of narrative dreamscape, fragmentary presentation and ecological concern. *The Haunting Tree*, the latest in the ICA's "Home Work 2" season, is described as "a performance requiem for this generation, a ghost story of the industrial world."

A bit gloomy, in other words. I note, also from the programme, that Ray King's text incorporates passages from *King Lear* and Isaak Walton's *The Compleat Angler*. More easily spotted are details of a boy's re-creation of his father's part in the North African campaign of 1943, culminating in the carnage at Monte Casino.

These details are uncovered in a muddy estuary, an environment imaginatively conveyed by use of lights and a soundtrack. The boy used to fish here, had hopes of catching carp. But natural life has been extinguished along with the human life in the last War. The physical movement of the performers is less interesting than the sculptural void they inhabit.

On an arrangement of squat grey plinths we see, as if in one of those museums of vanished community life that are all the rage these days, a broken-down pram, a fishing net, the warped frame of what appears to have once been a coracle. It intrigues me that the designer is Simon Vincenzi, lately responsible for *The Cherry Orchard* at the Sheffield Crucible. He supplies here further evidence of his gift for the spatial animation of a performing area.

He is part of an interesting creative alignment. Two of the performers, Richard Hawley and Niki Johnson, were formerly with Impact Theatre, and one of the others (there are five), Rena Vets, has worked with Jan Fabre. I do not think Axis Mundi has yet worked out a proper balance between private benedictions and public articulation. But this is a fundamental weakness in so much of this kind of work. The same thing could be seen in the previous week's winsome meditation on Chekhov and Olga Knipper, *Time To Go*, "thirteen explicit recipes for being human" presented by Intimate Strangers.

Pina Bausch and Jan Fabre remain the key influences in this post-punk, post-minimalist, post-narrative and often post-dated area of work. Post-criticism has not yet caught up with it, and shows every sign of not doing so.

The Continental dance drama regimentations are percolating everywhere, as was seen in a fascinating large-scale elaboration on *The Haunting Tree* that preceded Friday night's performance. This was the fruit of a two-week session conducted by Axis Mundi with 21 black-garbed and rather po-faced students at the Trent Polytechnic.

I would be very surprised indeed if this project did not lead to interesting new work in the future. The key thing is for them to distinguish between the unbearable lightness of being and the expressive obligation of communicating.

Late Picasso at the Tate

The Tate Gallery, together with the Musée National d'Art Moderne and the Musée Picasso, Paris have organised a major exhibition of the late works of Picasso, comprising of the paintings, sculptures, drawings and prints which he produced in the last 20 years of his life.

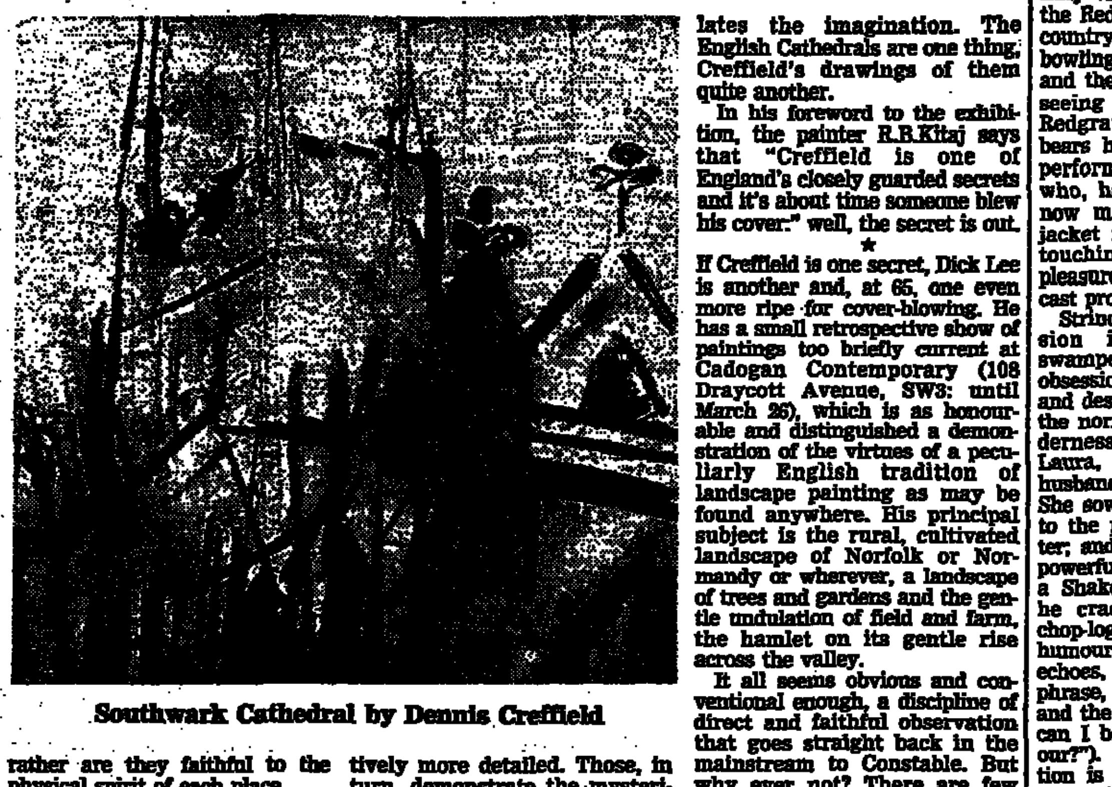
The 79 oil paintings, 33 drawings, three sculptures and 80 prints are currently being shown at the Musée National in Paris, and will be at the Tate from June 23 to September 18.

Galleries/William Packer

Capturing the spirit of the place

The Fine Art Department of the Arts Council has enjoyed plenty of abuse over the years, some of it deserved. Of the countless shows it has organised many have been unsuccessful and some ill-advised; yet thinking back, one is struck not by disaster or controversy, but by the consistent high quality of the work of the Council's exhibition officers. Nothing demonstrates this better than the programme of exhibitions devised to tour the country, which manages on limited resources to bring the finest art of all kinds to a national audience, year in, year out.

Three years ago the Department bought for its collection a group of large charcoal drawings of Ely Cathedral by the English painter, Dennis Creffield. At the time Creffield confided that it was his long-held ambition to visit and make drawings of all the gothic cathedrals of England, and last year, with the help of sponsorship from the Goldmark Gallery of Uppingham, the Department was able to commission him to make his pilgrimage. "I visited all the cathedrals – most of them twice. Each day I drew them – each night I slept in their shadow – and their shapes filled my dreams." In six months he made several hundred large drawings, some 80 of which are now on show in the Gallery of Winchester School of Art (until April 6), the first stop on a national tour already booked into 1990.



Southwark Cathedral by Dennis Creffield

Creffield, now 57, studied under David Bomberg at the Borough Polytechnic in the late 1940s, and he has remained true to that profound influence and expressionist faith. "I am not interested in creating an illusion of reality," he writes in his catalogue, "nor in making a symbol of it, but in trying to find a substantial form for its substantiality – an image of actual experience – the wound unbound." And if we take that "image" to mean "equivalent," his sense becomes clear enough. None of his drawings are accurate in the sense of being literal descriptions of particular architecture, but rather are they faithful to the physical spirit of each place.

The subjects are taken inside and out, images of massive fronts and towers, flying buttresses, swirling tracery, heavy pillars and light, high spires. They are worked in charcoal on large sheets of paper, all realised with an obvious and immediate vigour that at first belies the artist's sensitivity of touch and subtle vision. Indeed, stated as they are with such rapidity and so comprehensive in their rubbing out and redrawing, many of them seem perfunctory or vestigial in themselves.

But it is not as single spires but by their collective presence that they assert their authority. Their cumulative quality is the strength and secret of this exhibition, for it is by direct association, reinforced by an intelligent and imaginative hang, that the more shadowy images receive validation from the comparatively more detailed. Those, in turn, demonstrate the mysterious, potent simplicity that pervades and informs all the work.

The particular qualities of charcoal as a medium of expression are hardly a professional secret, but in it Creffield finds the perfect means to his end, neither precious nor crude. Within the unifying discipline of monochrome, it allows him both the swiftest, broadest sweep of arm and hand and yet the utmost variety and delicacy in the particular mark.

That successful combination, fixed forever on the page, can be exhilarating, as we see here in this conceptual tour of England through her greatest architecture, from Durham to Exeter, from Norwich to Hereford. For, while the images of these wonderful places may stir our own recollection, it is quite as much the activity of their realisation that excites the eye and stimulates the imagination. The English Cathedrals are one thing, Creffield's drawings of them quite another.

In his foreword to the exhibition, the painter R.B.Kitaj says that "Creffield is one of England's closely guarded secrets and it's about time someone blew his cover:" well, the secret is out.

★

If Creffield is one secret, Dick Lee is another and, at 65, one even more ripe for cover-blowing. He has a small retrospective show of paintings too briefly current at Cadogan Contemporary (108 Draycott Avenue, SW3: until March 26), which is as honourable and distinguished a demonstration of the virtues of a peculiarly English tradition of landscape painting as may be found anywhere. His principal subject is the rural, cultivated landscape of Norfolk or Normandy or wherever, a landscape of trees and gardens and the gentle undulation of field and farm, the hamlet on its gentle rise across the valley.

It all seems obvious and conventional enough, a discipline of direct and faithful observation that goes straight back in the mainstream to Constable. But why ever not? There are few painters who would not take that particular accusation of conventionality as the most profound compliment.

Lee's landscapes, for all their technical order and control and the apparent quietude that such disciplines impose, after only a little time declare their own essential life and spirit. The touch is as light as it is sure, the paint handled throughout with a spare vigour, an economical confidence that reveals the true artist – like the true batsman never pressed in his shots. One of the largest of these canvasses, some 5 feet by 7, a view of a French village, Carneville, at Easter time, cast in a warm Spring light all grey, brown, pink and green, is a magisterial achievement that bears direct comparison with any landscape painted by an Englishman, at least in our time. It should already be in the Tate.

The Father/Redgrave, Farnham

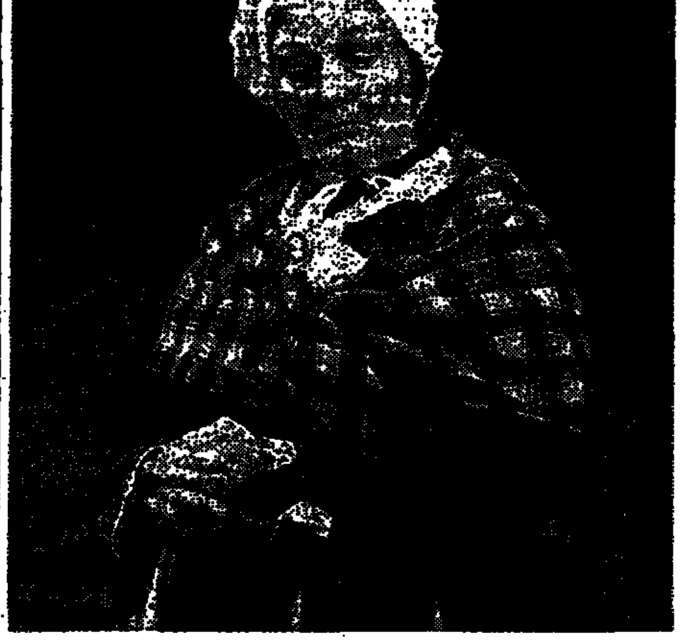
Martin Hoyle

A wet Saturday night with Strindberg in Farnham sounds like the fulfilment of a particularly vicious curse. Unfair, since the Redgrave Theatre still has a country hotel aspect, lapped by bowling green and tennis court; and there is a certain *frisson* in seeing Rachel Kempson, Lady Redgrave, in the theatre that bears her husband's name. Her performance as the old nurse who, heart-broken, entices her now mad master into a strait-jacket is dignified, simple and touching. It provides the main pleasure in an otherwise patchily cast production.

Strindberg's play about obsession is itself occasionally swamped by the author's own obsessions. Woman uses, exploits and destroys man, impervious to the normal ties of love and tenderness. Here the basilisk is Laura, determined to have her husband, the Captain, certified. She sows doubts in his mind as to the paternity of their daughter; and David Hargreaves deals powerfully with what amounts to a Shakespearian mad scene, as he cracks up to Ophelia-like chop-logic and snatches of wild humour (plenty of Shakespearian echoes, too, in his Shylock paraphrase, "Has not a man eyes?", and the echo of Othello in "How can I be a soldier without honour?"). Tom Gallacher's translation is fine here, slightly melodramatic elsewhere. One remains unsure as to how unstable the Captain was in the first place; what is certain is the role of Laura in precipitating the final frenzy and last, crippling stroke. Author and protagonist seem to merge in terrified misogyny.

Clare Southern's aptly expressionistic grey set with its exaggerated sloping perspectives is flanked by a predatory female figure and heraldic serpents devouring one another. Patrick Sandford's direction too often assumes a jerkily ill-at-ease rhythm through the inadequate casting of the sphynx-cum-*belle dame sans merci*. Chloe Ashcroft is vocally and facially expressionless. She glides woodenly round the stage, occasionally raising her voice to a shout or stiffly lifting an arm. Lines as different as "Oh, here comes the Captain now" and "Poor Olaf – I really think he's beyond help" are intoned equally blankly. The most immobile performance of an actress this side of Madame Tussaud's, the display is almost bad enough for the National Theatre's *'Tis Pity She's a Whore*.

Mr Hargreaves' frantic intensity has to do enough work for both of them, and would be even more effective if he remembered his words with a less obvious effort and got them out in the right order when he did. Philip Lowrie's Doctor, full of foreboding and appeals to the wife's conscience, lacks authority and weight. But it's good to see the play; its doom-laden resonances come through like a charnel-house bell: "Death is what we're sure of. It's life we know nothing about."



Rachel Kempson

Un ballo in maschera

Richard Fairman

With mettlesome tenacity the Royal Opera has managed to keep this show on the road. The defection of the tenor Giacomo Aragall near the beginning of a long run of performances is the sort of problem that is guaranteed to keep opera-house managers awake at night, but by the mid point in the series a reasonable alternative plan was under way: this was Peter Dvorsky's late appearance and most of the remaining nights will be taken by Dennis O'Neill.

In writing *Un ballo in maschera*, Verdi used his experiences in the more sophisticated world of opera in Paris to widen his artistic outlook. The orchestration has more finesse, the range of emotions through wit and sarcasm, carefree gaiety and aristocratic refinement, is altogether wider; and if this performance did not show much appreciation for the opera's lightness of touch, at least the arrival of a secure central performer as Gustavus ensured that it held together with a strong, basic Verdian drive.

In his previous appearances here Dvorsky has never shown much sparkle and his unsmiling, sturdy Gustavus generally reinforced that impression. But the voice has gained in cut and thrust so that even when the singing is clumsy, as in "Ma se m'è forza perderti," there is now an exciting vigour that sweeps the music along. The big moments took off, not least thanks to the much-improved playing and orchestral drive secured by Richard Armstrong from the pit.

Given the importance of the tenor role in this opera, it was inevitable that the general atmosphere of the evening should be robust and unsubtle. From Piero Cappuccilli, though, we had quite another kind of performance: at this stage of his career the Italian baritone cannot afford to be vocally reckless and the value comes in seeing a thorough professional and lifelong Verdian at work. During the scene in Anckarström's house he touched real depths of character.

The new Amelia is Anna Tomowa-Sintow, always a reliable artist, although she catches the inspiration only when she hits an area at the top of the stave where the singing takes on a remarkable, and otherwise unexpected, beauty. Linda Kitchen has taken over the part of Oscar: as delightful and diminutive a page-boy as one could hope to see, but also too diminutive in voice for Verdi (even this role) in this size of house. Overall, *Ballo* survives this time.

Bishop-Kovacevich/Elizabeth Hall

Max Loppert

Stephen Bishop-Kovacevich's recital on Sunday showed the pianist at the peak of his powers. He is at that interesting point in a significant artist's career where youth and maturity meet; fire, energy and risk-taking inventiveness are now complemented by a new serenity of approach, a new breadth of style. On such a showing Mr Bishop-Kovacevich more than ever deserves his place among the leading Classical pianists of the day – few enough in number, to be sure, and therefore of the highest value.

The programme, which originally billed Beethoven sonatas before the interval and Ravel and Brahms works after it, was changed to Beethoven and Schubert. If there were any complaints before the start, they must have shrivelled into nothingness by the close. Schubert B flat Sonata (D. 960) performances of this order are rare; Mr Bishop-Kovacevich's view of the work exposes new insights each time he plays it. Yesterday he combined extraordinary expansiveness with a no less extraordinary response to detail – and the combination showed just how completely the full span of the work had been grasped.

The silences and pause bars were made every bit as communicative as the notes (that moment of cadential trill in the bass and then silence before the first-movement recapitulation was awesome). The quiet radiance of the second and the infinite (but never self-conscious) varieties of rhythmic lilt told of the pianist's total absorption in the music. The difficult balance between Schubertian darkness and light was exactly struck – there was none of the urge toward lecturing or sermonising that can afflict serious Schubert pianists. Even when personal inflections (such as the touches of *marcato* menace applied to individual bass notes in the third-movement trio) seemed surprising, one never questioned their rightness in context. This was great playing.

The Beethoven sonatas were the D minor, Op.31, no.2, and the A major, Op.101. The first was marred by brusque moments, snatched phrases and patches of rough pedalling. By the opening of the second, Mr Bishop-Kovacevich had found his form: from the lightly lyrical start, perfectly *espressivo e semplice*, to the concentrated control of the finale, he manifested an honesty, vigour, exuberance, and simplicity of approach to the music that made most of the Beethoven playing I have heard recently seem embarrassingly superficial in retrospect.

Academy/Festival Hall

Max Loppert

The Academy of St Martin-in-the-Fields and its associate chorus played and sang Bach and Charpentier in Saturday's concert. The Bach *Magnificat* and Charpentier *Te Deum* are works on which the "authentic" movement has left an indelible mark in recent times; and perhaps one's hearing of old-fashioned performances such as those that Neville Marriner conducted on this occasion – using a large orchestra of modern instruments and a choir of over 50 singers – has become irredeemably prejudiced in favour of the new-fangled lightness, cleanness of profile, muscular balance of parts.

I don't believe this is the reason for the politely jogtrotting impression left by Marriner's Bach. It is still perfectly possible to make old-fashioned Bach sound vital and exciting, but this was clearly not the way to do it. There was no apparent attempt at specific charaterization of the instrumental colours, no energy in the rhythms, no sense of Bach's spiritual and physical exhilaration; the movements passed by without making more than a superficial, mild impact.

As in everything the Academy undertakes – and the above remarks can be taken to refer, *mutatis mutandis*, equally to the Charpentier performance – the quality of the playing and choral work was fine, and there was some pleasing solo singing, particularly from Sarah Walker, Thomas Allen, and Maldwyn Davies (who had taken over from the billed tenor, though the audience was left unaware of the change). But it was the kind of concert to leave one ungrateful for the good things, and perhaps excessively impatient of the general blandness. It had opened with an immaculate and quite remarkably sedate account of Ravel's *Mother Goose* Suite.

Arts Guide

March 18-24

Opera and Ballet

TOKYO

Kesa to Morito (Tokyo Bunka Kaikan). Written by Ken Ishii, Japan's leading opera composer, based on an incident from the Tale of the Heike. The production will visit Europe later this year. (Thur). (376 5390)

NEW YORK

Merce Cunningham Dance Company (Joyce). Two major premieres are included in the four programmes during the month-long schedule of twelve works. Ends March 27. (242 0800).

Metropolitan Opera (Lincoln Center Opera House). James Levine conducts Mozart's Cosi Fan Tutte with Kiri Te Kanawa, Susan Quittmeyer, Hei-Kyung Hong and David Rendall in Graziella Sciutti's staging. James Conlon conducts August Everding's production of Khovanshchina with Elizabeth Knighton, Stefania Toczyska and Timothy Noble. (36 26 000).

PARIS

Der Freischütz (TMP-Chatelet). Carl Maria von Weber's romantic opera played by Nouvel Orchestre Philharmonique. It is conducted by Marek Janowski. (42 33 44 44).

Z Mrtvého Domu (Salle Favart, Opera Comique). Leoš Janáček depicts Dostoyevsky's obsessive memories from the prisoners' pathetic universe in Siberia. It is conducted by Sir Charles Mackerras/John Burdekin in a production by the film-maker Volker Schloendorff. (47 42 53 72).

Boris Godunov (Palais Garnier-Paris Opéra). Conducted by Lothar Zagrosek in Petrika Ionesco's production, with Paata Burchuladze in the title role and Marie-Christine Porta as Xenia. Alternates with Spectacle de Ballets with choreography by Magny Marin, William Forsythe and Harald Lander. (47 42 53 71).

LONDON

Royal Opera (Covent Garden). New principals take over in the revival of Verdi's Un Ballo in Maschera conducted by Richard Armstrong – Anna Tomowa-Sintow (Amelia), Piero Cappuccilli (Renato), and Linda Kitchen (Oscar). Further performances of Puccini's Tosca, with Grace Bumbry, Giuseppe Giacomini, and Kostas Paskalis; final ones of the successful Eugene Onegin, distinguished particularly by Mirella Freni in her first London Tatyana. (240 1066).

English National Opera (Coliseum). Ian Judge's productions of Mascagni's Cavalleria Rusticana, and Pagliacci are lively, inventive, overdetailed, return with a cast including Jane Eaglen, Arthur Davies, Angela Feeney, Alan Woodrow, and Jacek Strauch. In the first ENO production of Britten's Billy Budd, by and large an outstanding success for the whole company. The cast is superbly well led by Thomas Allen in the title role, Philip Langridge (Vere) and Richard van Allan (Claggart); David Atherton is the excellent conductor. Final performance in the current run of David Pountney's un-Offenbachian and occasionally satirical Orpheus in the Underworld, in the celebrated sets of Gerald Scarfe better known for his cartoons. (836 3161).

WEST GERMANY

Berlin, Deutsche Oper. Der Troubadour in Herbert von Karajan's production features Maria Slatinaru, Giorgio Lamberti and Harald Stamm. Puccini's Tosca has fine interpretations by Pilar Lorengar, Cornelia Murgu and William Dooley. Also in the repertory: Mozart's The Magic Flute, Die Verkaufte Braut, Oedipus, composed by Wolfgang Rihm and Richard Wagner's Der fliegende Holländer with Carmen Reppel, Kaja Borris and Siegmund Nimsgern. (34381).

Hamburg, Staatsoper. Wagner's Tristan und Isolde has a strong cast with Gabriele Schnaut, Hanna Schwarz, William Johns and Harald Stamm. (351151).

Cologne, Opera. This week's highlight is Wagner's Tannhäuser with a strong cast led by Rainer Goldberg, Sharon Sweet, Adelle Nicholson and Roland Hermann. Alban Berg's Wozzeck brings Klaus Hirte, Nadine Secunde and Walter Raffeiner together. (20761).

Frankfurt, Opera. Verdi's Otello is staged in triumph by Rosa Kollo who is brilliant in the title role. (25621).

NETHERLANDS

Amsterdam, Muziektheater. The Netherlands Opera production of Katya Kabanova by Janáček directed by Philippe Sireuil and designed by Jean-Claude de Bemels. Kenneth Montgomery conducting the Netherlands Philharmonic, with Ellen Shade in the title role, Felicity Palmer, Jerome Pruett and Jerold Norman (Wed). (255 455).

Eindhoven, Schouwburg (Wed, 11 11 22) and in Nijmegen, Schouwburg (Thur, 22 11 00). The Hoofdstad Operette company in Wiener Blut by Johann Strauss Jr directed by Dick Top and conducted by Martin Maher.

Saleroom/Antony Thorncroft

Warhol's reigning queens

Sotheby's is warming to Andy Warhol. It is selling his bizarre and very varied collection of works of art next month in New York and is showing off some of the finest items in London later this week. In the meantime it made a small profit from disposing of some of his output in Amsterdam yesterday.

An acrylic and screen on canvas portrait of Queen Beatrix of the Netherlands sold for £24,524, and sixteen silkscreen prints, each of four of the "The reigning queen" series, sold, to the same collector, at the following regal valuations – Beatrix £7,950; Queen Ntombi of Swaziland £5,965; our Queen, £5,303 (a rather disappointing performance); and Queen Margrethe of Denmark £3,314. Top price in the modern art sale was the £50,375 paid by a Japanese dealer for a portrait of a woman in a blue dress by van Dongen.

Christie's disposed of Chinese export porcelain, making £241,382 from the morning session, but with 21 per cent unsold. Cohen and Pearce paid £59,400 for a Ming blue and white armorial pilgrim flask made for the Spanish market around 1590. It carries the personal arms of King Philip II of Spain and was almost certainly copied from a coin, which explains the circular shape, rare for Chinese porcelain of the period. The king was a keen buyer of Chinese porcelain and his collection had over three thousand pieces, including five versions of this vase, one of which is now in the British Museum.

The same dealer bought a pair of large famille rose baluster jars and domed covers for £13,200. In the afternoon session two famille rose "double peacock" oval tureen and domed covers, Qianlong, did well at £15,400.

The first VC to be forfeited because of subsequent misconduct by the recipient sold for £19,800 at Sotheby's yesterday. Edward St John Daniel was awarded it for bravery during the Crimean War in 1854 when he was less than twenty, but in 1861 he had to sign a Warrant of Forfeiture for deserting his post and being found in "a state of torpor." He was one of eight VCs to have forfeited the award and the only officer to suffer the indignity.

Daniel went on to die, aged 31, leading an adventuorus life hitting the Maoris in New Zealand for six. The buyer of his VC said after the sale that it will stay in the UK. The price was almost double the estimate. In the same auction of orders, medals and decorations, a unique First World War group of thirteen medals awarded to Group Captain G.W.Murlis Green realised £12,650.

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Tuesday March 22 1988

Security in Ulster

IT HAS BEEN said so often of the atrocities in and around Northern Ireland that out of a particularly abominable act some good may come that one hesitates to say it again. Yet the House of Commons yesterday, as it discussed the killing of the two British soldiers in Belfast on Saturday, was a very subdued and serious place.

The comments and questions that followed the statement by Mr Tom King, the Northern Ireland Secretary, were as notable for what they omitted as for what they contained. There were, for example, no great demands for internment or for the restoration of the death penalty. Instead there were expressions of grief and widespread concern about policing.

It was a narrow discussion. As Mr King said, it may never be known what the two soldiers were doing in the vicinity of the funeral procession in the first place. The fact that matters is that they were brutally murdered and nothing can conceivably justify that. The question for the future is how to avoid IRA funerals from getting out of hand again: there had, after all, been another appalling incident earlier in the week.

What seems to be clear beyond doubt is that the British authorities cannot allow "no go" areas in any part of Belfast, even where such sensitive matters as funerals are concerned. The idea that the IRA and its political counterpart, Sinn Fein, should be permitted to police their own public ceremonies without the security forces going anywhere near cannot be tolerated, yet perhaps it was beginning to gain the appearance of increasing acceptance. The events on Saturday should have put a stop to that.

Immediate review

Implementing a policy of observable, but non-provocative policing is, of course, more easily said than done. Mr King announced that there is to be an immediate review of the procedures with the full agreement of the Chief Constable of the RUC, Sir John Hermon. It would not be surprising, indeed it would be welcome, if the result were to make the presence of the security forces more visible, at least for a while.

The exchanges yesterday were also notable for the degree of harmony that has developed between Mr King and the Labour Party spokesman on Northern Ireland affairs, Mr Kevin McNamara. Indeed the Northern Ireland Secretary's standing seems paradoxically to have risen as the misfortunes and disasters of the last few months have multiplied. Possibly that is because the sheer complexity of his task has become more apparent to a wider audience.

Commons consensus

Yet it is striking, too, that the broad House of Commons consensus that greeted the Anglo-Irish Agreement when it was signed in November 1985 seems to be holding and perhaps even strengthening. One of the first reactions to Saturday's events was the decision to call a special meeting of the Anglo-Irish inter-governmental council, at which the heads of the police forces on both sides of the border will be present. That would not have happened in the old days and without such enhanced co-operation on security matters the outlook would be bleaker than it is. There is, regrettably, a gap. The agreement was signed by Mrs Margaret Thatcher, the British Prime Minister, and Dr Garret FitzGerald, then the Prime Minister of the Irish Republic. Mrs Thatcher has not taken to Mr Charles Haughey, the new Prime Minister, in the way that she did to his predecessor, despite the fact that Mr Haughey has broadly accepted in government the agreement of which he was critical when in opposition. He has, in fact, behaved with considerable restraint in recent months.

The two Prime Ministers are going to have to work together at some stage if the agreement is to be developed. Indeed it comes up for review towards the end of this year. There is no point in a hasty summit meeting in reaction to one event or even series of events. Yet it would help if Mrs Thatcher could again begin to show the interest in Anglo-Irish affairs that she took when the agreement was being prepared.

No change in Stuttgart

FOR CHANCELLOR Helmut Kohl to describe Sunday's election in Baden-Württemberg as a "great result" is either standard politician's hyperbole or a measure of how low his expectations had been. It is true that his Christian Democrat Party retained its absolute majority in the Landtag, but a year or so ago that would have been almost a foregone conclusion in the most dynamic and prosperous region of the federal republic, which is a long-standing CDU stronghold.

In fact this was the CDU's worst result in Baden-Württemberg since 1968, and it is made to look good only by the widespread predictions before the poll that the party would lose its overall majority and be forced into coalition either with the Free Democrats, which would have further weakened Mr Kohl's control over his FDP partners in Bonn, or with the Social Democrats – which would have raised the prestige of the main opposition party while casting implicit doubts on the permanence of the ruling coalition at federal level.

Mr Kohl certainly has reason to be grateful that that did not happen, but the fact that it so nearly did reflects badly on the state of the West German economy and on the reputation of his Government. Not that Bonn can take blame for the plunge in the dollar or for the sharp competition from Asia in the electronics sector, which between them have put at least a temporary stop to Baden-Württemberg's rapid expansion, threatening the loss of 30,000 jobs over the next decade. But the federal government *can* be blamed for its stolid and unimaginative response to these developments, and inevitably it takes the blame for concessions made by the Chancellor at the European Community summit which are seen as threatening the livelihood of the West German farmer. Significantly it was in the countryside that the CDU made its biggest losses.

Outspoken critic

Moreover Mr Kohl can take little credit for averting defeat, since the triumph (if triumph there is) belongs to the regional Premier, Mr Lothar Späth, who is both an outspoken critic of federal economic and nuclear energy policies, and widely regarded as a possible successor to Mr Kohl himself. In such circumstances, "successor" is effectively synonymous with "rival."

All that Mr Kohl can comfort himself with is the fact that the result was hardly more cheering either for the SPD opposition or (which may be a source of even greater satisfaction to him) for his troublesome coalition partner, the FDP.

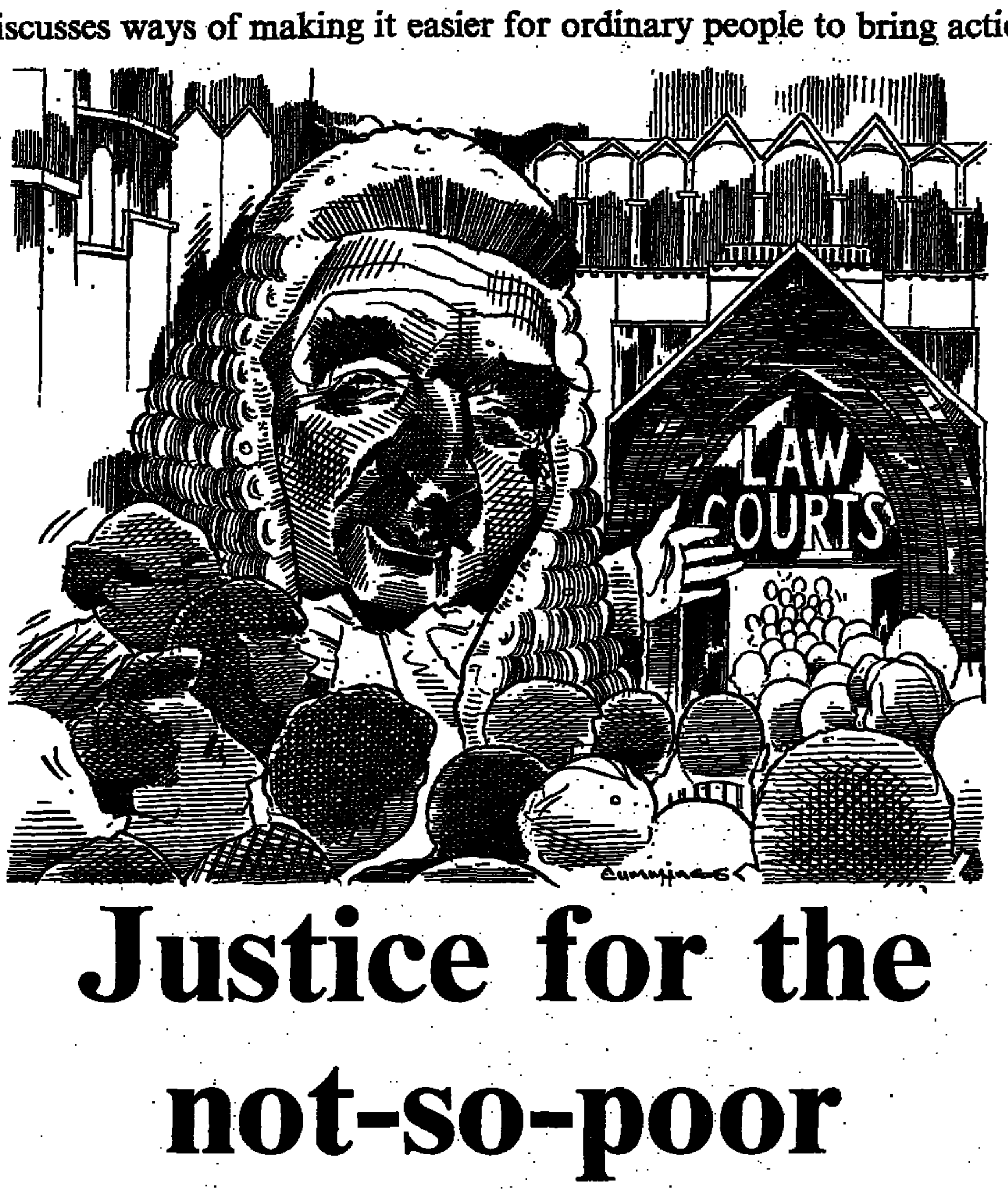
The former has strikingly failed to make the breakthrough it hoped for, while the latter's setback breaks a run of successes which had encouraged its leaders (notably Mr Hans-Dietrich Genscher, the Foreign Minister) to throw their weight about in Bonn, courting accusations of disloyalty from their CDU partners. The voters may perhaps have been warning it not to rock the government boat. That, at any rate, is the interpretation eagerly peddled by Chancellor Kohl and his party.

Complex system

It is fashionable at present, both inside and outside Germany, to give vent to exasperation at the unwieldiness of the federal republic's complex political system and at Mr Kohl's failure to provide strong and decisive leadership. But a little modesty is in order, especially from foreigners. Even in its present doldrums West Germany is clearly the economic mainsail of the EC, as well as its chief paymaster, and its foreign policy performance is not that disastrous either. Chancellor Kohl, at least as much as Mrs Thatcher, deserves credit for the success of the EC summit in February, and the Nato summit was also much more of a success for him than for her, thanks to his timely diplomacy in Washington.

Apart from Schleswig Holstein in May, where after last year's Barschel scandal an opposition victory is practically a foregone conclusion, there are now no more *Land* elections scheduled until 1990, when Lower Saxony, North-Rhine-Westphalia and the Saarland will all vote in the run-up to the next federal election. Between now and then West Germany should have a period of stable and relaxed government in which to tackle its economic and foreign policy problems.

A.H. Hermann discusses ways of making it easier for ordinary people to bring actions in UK courts



Justice for the not-so-poor

THE LORD Chancellor caused a pleasant surprise a few weeks ago on the last day of the Legal Aid Bill in the House of Lords. He tabled an amendment designed to enable victims of disasters or unsafe products to receive legal aid without a means test in order to sue collectively, being represented in such a "class action" by one lawyer or a legal team. The amendment was passed unopposed, although some of their Lordships shook their heads and expressed the hope that it would receive critical attention in the Commons.

A new field of potential class action will open if Parliament passes a prohibition of restrictive practices, as foreshadowed in the green paper on this subject. Class actions brought on competition grounds by consumers supported by legal aid might then become possible in the UK in the way that they are in the US. But an important difference would remain: "populist" legal actions in the US are not supported by legal aid, but by the contingent fees system in which the attorney bears the plaintiff's risks.

Lord Mackay's move is a significantly swift and decisive reaction to the need voiced in the *Opren* appeal judgment by Lord Donaldson, the Master of the Rolls. Instead of referring the matter to yet another departmental working party, he did something. After several decades in which discussion of reform of the UK legal system has been a purely academic pursuit, it might now start to be put into practice.

The introduction of class actions would not require any radical restructuring of the present system. The actual provision of the amendment is simple: it would authorise the future Legal Aid Board to conclude the necessary contracts with the lawyers and to make special arrangements for the availability of legal aid and recovery of costs, to make collective legally-aided actions possible.

Details will be left to regulations made by the Board or on its initiative by the Lord Chancellor. The Law Society is worried about the method of selecting lawyers for the Board's class action contracts. One can envisage a bit of healthy competition, though the number of competitors would be restricted by the requirement of specialisation on the part of the lawyer or lawyers concerned and by the size and facilities of the law firms.

A class action – taken on behalf of a group of people with the same complaint – would benefit impecunious or modestly provided plaintiffs facing a financially strong and legally well-armed defendant.

In the recent *Opren* case, many claimants were able to litigate only because of financial help from a private benefactor. In the *Thalidomide* case, claimants were at a gross disadvantage as prospective litigants and consequently in a weak negotiating position. The same applies to the still unfinished negotiations for compensation of victims of the Zeebrugge ferry disaster and of the King's Cross tube fire.

A class action would also greatly facilitate and simplify the work of the courts. The judge would be presented with a single action in which a single award is sought – to be divided among the victims according to a key previously agreed and approved by him. In addition, the stronger negotiating position of the united plaintiffs would make a satisfactory settlement more likely and the trial of the action unnecessary.

The lawyers would also benefit greatly – even if not immediately. For the first time, they would be able to create their own clients. The team of lawyers, contracted by the Legal Aid Board or planning a class action on the initiative of a few victims, would be obliged to advertise or to ensure by other means that all potential plaintiffs are involved and either join in, or opt out of the proposed scheme approved by the court.

The next step in the development of the class action is likely to be the extension of the right to initiate and conduct it, to organisations representing certain groups of the public – for example, the Consumers Association, trade unions, or organisations representing telephone subscribers, or gas users. One can expect new organisations to spring up representing users of particular kinds of transport and even small shareholders in large companies and building societies. All this would not necessarily lead to more litigation - the possibility of litigation would suffice to provide the silent majority with a voice and help them to a better deal.

The introduction of class actions, assisted by legal aid, would solve or at least alleviate the problem of access to the courts in this particular range of cases. In other types of cases, however, the central problem of English justice would remain unsolved – its denial to the vast section of the population not eligible for legal aid and unable to afford the costs.

This, like woodworm, is a problem which ought to be dealt with before it affects the load-bearing members of the social and political structure of the country. The easiest solution, and one which would be in keeping with the preference for giving free play to market forces, would be the introduction of contingent fees. This system, which is used in the US and requires the attorney to finance the litigation for a share in the award so that the plaintiff pays nothing if he loses, has been advocated by Professor John Fleming (FT, March 11).

Contingent fees have been considered at various times by the English legal profession, mostly with revulsion. The Royal Commission on Legal Services, chaired by Lord Benson, rejected a proposal submitted by Justice, the all-party association of lawyers, for a modified system of contingent fees. According to this proposal, a slice of all awards won by successful claimants would be paid into a special fund. Lawyers – whether successful or unsuccessful – would receive their fees for the work done, calculated as at present, from the fund. In other words, successful plaintiffs would subsidise the losers but everything else would remain as it is.

Such a system would help plaintiffs of modest means, though it would not serve other aims of public policy. On the present system of pay, UK lawyers avoid any risk, so that one of the most important advantages of the US contingency fee system, namely the elimination of hopeless actions, is lost. At the same time, the proposed contingency fee fund would open the possibility of going to court to a vast new category of plaintiffs. This would make UK courts busier than ever. Such an escalation of actions would be all the more painful as the system would not provide the lawyers with any incentive to conduct the litigation swiftly.

Others point out that the contingency fee system has not reduced litigation in the US but, on the contrary, may have contributed to its escalation. Among those arguing this view are two American lawyers, Leo Herzel and Daniel Harris (FT, March 17). It would be wrong, however, to conclude that a similar effect can be expected in the UK. The effect of contingent fees in the UK would be much more restrained.

The US legal scene is different in almost every respect and the escalating effect which contingency fees have had on the volume of litigation there, as well as on the inflation of awards, is the result of many factors:

● The US tendency to resort immediately to litigation and to look to the courts for the solution to many economic and social problems which, in other countries, are a matter for the governments and legislatures to decide.

● The important role of juries in US civil cases – from which they were removed in the UK many years ago.

● The separate and aggressive US trial bar from which most of the highly activist judges are recruited.

● The inability of the successful defendant to recover legal costs from the defeated plaintiff in the US: in the UK he can recover about half of his real costs. This means that the risk to a US plaintiff of starting an action is much smaller.

● The US courts' readiness to support exorbitant demands for the supply of documents in the discovery procedure.

These circumstances expose the defendant to enormous, unrecoverable costs, even if he has no case to answer. In such cases, an aggressive attorney can obtain a substantial settlement from a defendant who, though certain of his case, wants to avoid the enormous costs – in money and managerial time – of the pre-trial procedure.

Fortunately, such conditions do not exist in the UK, and the possibility of introducing contingent fees over here must be considered against the different background of the UK.

The main advantage of a contingent fee system in the UK would be to enable plaintiffs of modest means to invoke the help of the courts. Even without a central contingency fund as proposed by Justice, this system would subsidise unsuccessful plaintiffs from the lawyers' share of awards won elsewhere, as only the gain from successful cases would enable the lawyer to risk loss in others.

English lawyers would be wary of embarking on unjustified litigation because their risks would be so much greater than those of their US colleagues. If defeated in court, they would have to pay the other party's costs, there would be no jury to be influenced by emotional pleading and no "activist" judiciary with an eye on re-election or reappointment. And, except for the rare case of "aggravated damages", there would be no possibility of obtaining the penal damages which are such a menace in the US.

Another barrier to the escalation of UK litigation on anything approaching the US scale is the UK doctrine of precedent. This would not allow UK judges, however hard-pressed by an aggressive counsel, to stretch the established law of tort or of company law to the length now attained in the US.

The damage such legal developments cause not only to individual companies, but also to the competitiveness of US industry abroad has now provoked a reaction. Many states are in the process of limiting damage awards to consumers. But no legislative relief has been achieved so far from the equally huge jury awards for breaches of contract.

Even accepting that contingent fees in the UK would not lead to the excesses in the US, their introduction would probably require much greater judicial control of the pre-trial procedure and of the trial itself. This is badly needed in any case, whether contingent fees are introduced or not.

In fact, the greatest obstacle to the introduction of such a system seems to be the obsolete organisation of the legal profession and its division into two separate branches of barristers and solicitors. The Bar still clings, rather hypocritically, to notions developed at a time when its members had to stress that they were gentlemen and not businessmen. Their inability to sue for fees makes them dependent on solicitors, who are, in turn, professionally obliged to pay them. Solicitors could ill afford to bear the risk of a case undertaken for contingent fees alone, while guaranteeing full fees to the counsel. Both solicitor and counsel would have to participate in the venture.

Whatever the arguments for or against, it seems clear that contingent fees could not be introduced without a number of other reforms, of which the strengthening of judicial control and a fusion of the profession, or at least a radical change in the rules of the Bar, are foremost. It is not an easy proposition, but one which can no longer be ignored. If the reform of restrictive practices legislation foreshadowed in the green paper encompasses the legal profession, there will, at last, be an instrument for achieving the much overdue change.

The class actions, the contingent fees, the prohibition of lawyers' restrictive practices are all pieces of a jigsaw puzzle falling to place: the emerging picture is of modern times, at last.

Other articles on this theme appeared on March 10, 11 and 17 in the Business Law column.

OBSERVER

Austria's book of heroes

■At a time when Austria is painfully commemorating the 50th anniversary of its Anschluss with Germany and is being subjected to a severe and critical analysis of its actions in 1938, a more heroic light on its recent history has been thrown by a book entitled "Hitler's defeat in Austria 1933-34."

The author, Gottfried-Karl Kindermann, an Austrian by birth, educated at the Universities of Vienna, Stanford and Chicago, where he obtained his PhD, deals with a period of Austria's history which has tended to be obscured by the events of 1938 and the Waldheim affair. His central thesis is that, in 1934, Hitler suffered his only defeat before Stalingrad, when the Austrian army crushed a German-supported Putsch by tens of thousands of armed Nazis.

The hero of the tale is the diminutive Austrian Chancellor of the time, Engelbert Dollfuss, who was assassinated for waging a campaign of fierce resistance against a Nazi take-over and was the first statesman of the newly-formed Austrian Republic to support Austrian statehood and independence.

Socialist historians tend to regard Dollfuss as no more than a dictator, who established an authoritarian Christian corporate system and fought a short, but fierce fratricidal civil war against the Austro-Marxists. Ironically, however, it was the Socialists who, until 1934 at least, supported an Anschluss with Germany, albeit after Hitler, as the best solution to the problems of a truncated Austria.

Walker's choice

■Peter Walker has stuck to his word with his first major appointment.

His intention was to appoint young people to top jobs, he said on taking over as Welsh Secretary last year.

Yesterday he drew an unknown 39-year-old out of the ministerial hat as chairman of the Welsh Development Agency. Gwyn Jones is in the Walker mould, a self-made millionaire who had done it all by his mid-30s.

Not that Walker, now 55, thinks 39 all that young. "I was in the Cabinet at 37," he mused yesterday when introducing his protege.

Jones set up his own software business, the Swansea-based Corporate Technology Group, in 1980 after working for BSC and ICL and sold out for "several millions" last year.

The two men met for the first time at an industrial lunch earlier this year. Walker was impressed by what Jones had to say and invited him for a further meeting. "We talked and out of that came the invitation to head the agency."

Not a modest man

■No-one will be waiting more anxiously than Diego Cordovez to see whether George Shultz and Eduard Schevardnadze can get the collapsed Geneva talks on the Soviet withdrawal from Afghanistan back on the rails this week.

There is a lot at stake for Cordovez, not least his pride which is likely to be mortally wounded if the talks break up again. It has been badly dented already this session with his transformation from referee to football as both sides ignored his pleas not to hold press conferences. The Afghans even adopted decidedly undiplomatic language towards him. However, things are not as bad as when Yaqub Khan led the Pakistani delegation. He apparently found Cordovez's manner as great an obstacle to progress as anything raised by the Afghans.

Cordovez is an Ecuadorean who has worked at the UN for 25 years and seldom goes back to his home country. For more than five years he has shuttled tirelessly in search of a solution to the Afghanistan crisis precipitated by the Soviet invasion in 1979.

He is obsessive about the press's treatment of him. He pores over press clippings from more than 40 publications and even started an important press briefing in the current round with a threat to stop buying newspapers which continued to put an accent over the second "o" in Cordovez.

At previous sessions he has implored journalists not to write negative things about him because it upsets his wife. Speculation on his ambitions regularly includes both the Nobel Peace Prize and Perez de Cuellar's job as Secretary General.

An important counter to Cordovez is his assistant Gian Pico, an Italian on secondment from Perez's office. He is popular, modest and reportedly so concerned that the talks are excluding the Afghans actually fighting for their people that he is rumoured to have dashed secretly to New York and back one weekend during the current round to discuss progress with an injured mujahideen commander.

Something cooking

■*For some reason every 20 or* so years the villagers of Denby Dale in Yorkshire are overtaken by the urge to make a giant meat and potato pie.

It last happened in 1964. It is happening again now. The next pie on September 3 is planned to be even bigger than the 5¾ tonne record on the previous occasion.

This year's pie will be celebrating the 200th anniversary of the first which marked the return to sanity of George III. He lapsed into lunacy soon after the pie had been eaten.

Other pies - there have been nine - commemorated such events as the Battle of Waterloo and the repeal of the Corn Laws. The 1887 pie to mark Queen Victoria's Jubilee went off. So did the London chef who made it as soon as he realised. The Restoration Pie was made to replace it.

Denby Dale people are not too worried about the commemorative events. The pie to mark the end of the First World War did not appear until 1928, and the 1964 pie to celebrate four royal births was planned before the royal children were conceived themselves.

The present pie committee has held consultations with environmental health officers to avoid a repeat of 1887. The pie should make 40,000 portions at £1 each, but the crust will not stretch that far so a mobile oven will be used to make extra.

Barrie Clarke, a committee member, said: "We expect about 75,000 at the event over two days and we have already had interest from abroad. A Jumbo jet has been chartered from Perth to bring Australians here as part of their own anniversary celebrations."

Hungarian joke

■A high level mission from Czechoslovakia went to Moscow to seek permission to appoint a Minister for the Navy.

"What do you want a Navy Minister for," asked the Russians, "when you don't even have a coast-line?"

"Well," said the Czechs, "you have a Minister of Culture."

Lost decade in Latin America

From Dr Stephany Griffith-Jones.

Sir, In a series of lucid articles, the Financial Times reviewed the current state of "The Latin American debt crises" (March 15), stressing a return to "muddling through", as opposed to radical action or measures.

There was, however, no mention of the serious crisis of growth and development in Latin America which has made the 1980s a "lost decade" for that continent. Average per capita gross domestic product (GDP) in Latin America in 1987 was well below 1981 levels; investment and social expenditure are even further below levels attained at the beginning of the decade.

Unicef (the United Nations International Children's Emergency Fund), the World Bank and others have begun to document the tremendous social cost of this period in the region, particularly for the poorest and most vulnerable groups in terms of, for example, malnutrition and declining medical and educational services. The cost of lower investment in this decade for growth in the next is far more difficult to quantify, but no less real.

Moreover, reduced Latin American GDP and imports is also extremely damaging to those who export to Latin America, implying serious losses of production and jobs in the industrialised world. The United Nations Conference on Trade and Development (UNCTAD) has estimated that as a result of the debt crisis, approximately 6m man-years were lost in Western Europe between 1982 and 1984 alone, because of loss of potential exports to heavily indebted nations.

Growth, development and poverty alleviation are again said to be the dominant targets which industrial governments and international financial institutions – such as the International Monetary Fund (IMF) and the World Bank – are attempting to pursue in the Third World, as stated in recent speeches by the managing director of the IMF and the president of the World Bank.

If this is really the case, then a fresh, more imaginative approach to the debt overhang – in some cases radical, though probably not global – becomes essential. There is a great abundance of attractive schemes, many of them already partially tested.

What is lacking is vision – by politicians and policy-makers in the industrial and developing world alike – to carry them through.

Stephany Griffith-Jones,
The Institute of Development Studies
University of Sussex,
Brighton

Letters to the Editor

Extraordinary rush to legislate

From Mr Michael Gregory.

Sir, It is an oddity that the most public of scandals are the ones that sometimes go unnoticed.

The House of Commons has procedural safeguards designed to ensure that before legislation binding every citizen of the country is imposed, it is adequately considered by the House, and opportunity given to challenge it, in whole or in part, and to amend it. (In reality almost every bill needs – and gets – amendment in the House.)

Yet the controversial Land Registration Bill to open – for public inspection – entries and accompanying private documents at the Land Registry – was taken through all stages and passed on a Friday afternoon with not a word said about its content, nor any reason given for expediting the measure. Second Reading (a First Reading is a non-event), Committee Stage, Report Stage, Third Reading and passing of the Bill were all taken in a few seconds – no doubt in an almost empty House, as it was a Friday.

There was no emergency; far from it – the Land Registry has announced that it has not the resources to give effect to the new laws. What motive could there be for by-passing the safeguards, unless it be to stifle inconvenient objections?

Does the House of Commons not realise that, under the unexplained Charges Register, every nosey parker down your street can check whether you have a mortgage on your house?

Michael Gregory,
Country Landowners Association,
16 Belgrave Square, SW1

Not even a button to leave undone

From Mr Eric Dodson.

Sir, I have at least 10 hats in regular use, from bowlers (of several colours) to panamas. I do not need to be convinced of the old hatters' slogan: "If you want to get ahead, get a hat."

But may I put in a plea for the – now rare – waistcoat? Perhaps central heating in buildings has provided the excuse, but I fail to see how any man can claim to be properly dressed with tie and shirt gaping through an unbuttoned single breasted jacket.

I recall a forthright local comment on a newspaper photograph, a few years ago, showing the then Treasury team: "Not a waistcoat among 'em."

Eric Dodson,
The Knoll,
Ladythorn Crescent,
Bramhall, Cheshire

Postal delay is a business hazard

From Mr Stanley Davis.

Sir, The unreliability of the UK postal service is a continuing source of frustration to business people. We have just suffered serious financial loss when a letter posted first-class in central London took three days to reach Edinburgh. (Another, posted simultaneously, arrived next morning.)

The organisations representing business and management interests should unite to demand the introduction of a regulatory agency to replace the representations of voluntary lobbies.

Stanley Davis,
Stanley Davis Company Services
124-128 City Road, EC1

Merger accounting may be tighter

From Sir George Vallings.

Sir, "Tougher sanctions urged over accounting rules" (FT, March 14) gives a misleading impression about the position of the Chartered Institute of Management Accountants over the question of statutory support to enforce accountancy standards.

While we recognise that many aspects of accountancy can be governed quite adequately through self regulation, there remain some – such as off-balance-sheet finance and merger accounting – which deserve legislative backing and more government support.

In respect of merger accounting, we are currently recommending to the Department of Trade and Industry (DTI) tighter regulations through the next Companies Bill, aimed at ensuring that merger accounting and the financial advantages that arise from it are restricted to genuine mergers.

This would stop companies taking unfair advantage of this beneficial accounting treatment in takeovers.

George Vallings,
The Chartered Institute of Management Accountants,
63 Portland Place, W1

Marketing games can be over-played

From Mr Phillip Oppenheim.

Sir, Recent discussion about the proposed British Aerospace takeover of the Rover Group has drawn attention to Saab's aerospace interests, resulting in often uncritical comment.

It is worth bearing in mind that Saab would be unlikely still to be in aircraft manufacture if it were not for the very protected Swedish defence market – more sheltered even than those of most western nations.

Of the three car ranges which Saab sells internationally, one is simply an Italian Fiat/Lancia model with Saab badges stuck on. Another resulted from a joint venture with Fiat/Lancia. This model, and Saab's third, older range, both use an engine developed from a very ancient Triumph design.

Mitsubishi and Fiat have both made aeroplanes for far longer than Saab without claiming any "synergy" or hyping it up in their public relations.

I make these points simply to illustrate that Saab's advertisements may have more to do with seeking to appeal to a certain type of person, rather than any real engineering gain.

Phillip Oppenheim
House of Commons, SW1

FOREIGN AFFAIRS

The Great Game goes on

Edward Mortimer examines the endless entanglement of outside powers in the Middle East

IF THE political importance of a region were straightforwardly determined by its economic importance, the rest of the world might almost have forgotten about the Middle East by now.

There is no shortage of oil in the world – rather the reverse – and the share of exports coming from the Gulf region has shrunk to 41 per cent (compared to 55 per cent in 1980 and 59 per cent in 1973). The oil revenues of Gulf countries have dropped from $171bn in 1980 to about $48bn in 1987, and the region's importance as an export market has declined correspondingly, if less dramatically.

In fact, if one looks with callous realism at the effect of developments in the Middle East on Western interests, rather than on the area's unfortunate inhabitants, one can only be struck by how lightly we have got off. A distinguished American speaker at a conference in Bonn last weekend gave the following list of events that have occurred within the last ten years:

- The shah's regime collapsed and was replaced by a radical, anti-Western, theocratic regime, thereby removing the main pillar of US Gulf policy;
- The Arab Gulf states have been threatened by a wave of Islamic fundamentalism;
- US diplomats were taken hostage in Tehran and held for 444 days, including an abortive attempt by the US to rescue them by military force;
- The Soviet Union sent more than 100,000 troops into Afghanistan, its first military intervention in the region since the Second World War;
- War broke out between two of the most important oil producing states in the Gulf, and has spread to include attacks on the tanker traffic of non-belligerent states;
- Nato navies sent more than 80 ships to the Gulf.

That list is confined to the Gulf region. Had the speaker broadened his view to include the Middle East as a whole he might have added the following events: the assassination of President Sadat in Egypt, the fall of President Numeiri in Sudan, the Israeli invasion of Lebanon, the sending to that country of a US-led multinational force, its withdrawal in disorder after suffering heavy casualties at the hands of pro-Iranian Islamic extremists, the collapse of an agreement between Israel and Lebanon painstakingly negotiated by the US Secretary of State, the death of one senior CIA official in an explosion at the US embassy in Beirut, the kidnapping and torturing to death of another, the seizure of a series of other Western hostages and the exposure of a bungled attempt by the US to free them by supplying weapons to Iran.

That could only have reinforced his conclusion that "if anyone had predicted this series of events in 1978, it would have been reasonable to expect a dramatic reduction of the flow of oil from the gulf, massive disruptions of supply and huge increases in the price of oil", whereas "in reality, the flow of oil from the gulf has continued at a remarkably steady rate ... oil prices, after a sharp increase, returned to a point not far above where they began ten years ago". (That is in dollars. In real terms they are considerably lower.)

This could be called a remarkable success story for the West, but its essence was better captured by another speaker at the same meeting – a West German academic – who called it "the irrelevance of failure". It begins to look as though the Middle East cannot after all do the West any serious damage, no matter how ill-judged and ill-co-ordinated the policies adopted by Western powers for dealing with it.

Yet the chancelleries of great and middle-sized powers continue to worry about the conflicts in the region, and about each other's involvement in them. The tab for the Bonn gathering – a four-day symposium on "Europe, the Middle East and the Superpowers" – was picked up by the *Auswärtiges Amt*, and only the week before last the British Foreign and Commonwealth Office convened a similar if less ambitious seminar on the specific theme of Soviet policy in the Middle East.

There, too, the conclusions, such as they were, were on the whole reassuring. Even the greatest disasters which the West has suffered in the region – the fall of the Shah and the bungled intervention in Lebanon – have not brought any obvious benefits to the Soviet Union, while it is now clear that by invading Afghanistan, Moscow achieved a sizeable disaster of its own.

Looked at from the Soviet end of the telescope the Middle East must seem even less rewarding, and possibly even more menacing, than it does from Bonn, London or Washington. In a region apparently seething with resentment against Zionism and Western imperialism the nearest thing Moscow has been able to find to a reliable client state is South Yemen – also the region's poorest and arguably least significant state. Even there, two years ago, it had to intervene to halt a bloody civil war between two rival sets of proteges, devoid of ideological content as far as any outsider could understand it.

Communist parties throughout the region – even in states with good reason to keep in with Moscow, such as Iraq – have been ruthlessly suppressed. Khrushchev's attempt to build up Iraq as a more pliable counter-weight to Nasser's Egypt in the early 1960s failed completely, and the massive Soviet economic and military investment in Egypt itself had to be written off in the 1970s when Sadat defected to a pro-Western alignment.

Even the breaking of relations with Israel in 1967 is now more or less openly admitted to have been a mistake, and one speaker at the Foreign Office seminar suggested that Moscow was now so desperate to restore those relations that it would welcome even a one-day international peace conference as an excuse to do so.

Iran under Khomeini has proved a much more troublesome neighbour than under the Shah, and the tide of Islamic sentiment flowing through the region has contributed powerfully to the Afghan debacle as well as claiming the lives of Soviet diplomats in Lebanon and complicating relations between Moscow and its main remaining regional ally, namely Syria.

How far it represents a real threat to Moscow's control of the southern "Moslem" republics in the Soviet Union itself no outsider can really judge, but it must at least be viewed as a further complicating factor in the already fiendishly complicated imbroglio of the Soviet nationalities problem.

The young Azerbaijani who told an Agence France Presse correspondent in Moscow that if Karabakh was transferred to Armenia "there will be war" and "we shall be supported by the Turks and our brothers in Iran" was no doubt giving way to wishful thinking but must also have been voicing a policy consideration that Mr Gorbachev himself has to take into account. The transfer of territory from a "Moslem" republic to a "Christian" one would be unlikely to pass unnoticed, in the present climate, in any part of the Islamic world.

None of that contradicts the frequent assertion that Soviet diplomacy in the Middle East, as in other parts of the world, has become a good deal more subtle and flexible since Mr Gorbachev came to power – one example being the realisation of the importance of American Jewish organisations in setting the parameters of US foreign policy, and the consequent decision to cultivate such organisations both directly and by showing a friendlier attitude to Israel. But it does suggest that, just as Western policy in the region enjoys a considerable "margin of error" (of which it makes abundant use), so Soviet policy suffers from severe handicaps which even the most ingenious diplomacy may not be able to overcome.

Two questions remain. One is whether Western interests are best served by an activist policy in the region, seeking solutions to apparently insoluble regional conflicts in which the protagonists are skilled not only at resisting external pressure but also at manipulating external influence to their own advantage and to the detriment of their local rivals. The other, closely related, is whether the interplay of Western and Soviet influence is really best viewed as a zero-sum game, or whether both superpowers may not find in the long run that their local clients and allies have taken them for a dangerous and expensive ride.

Sterling would find natural level

From Mr Christopher Meakin.

Sir, Mr Lawson wants to be remembered as a reforming Chancellor. Among his other virtues, he is the first to recognise that the UK tax system needs to be internationally competitive. He did it to corporation tax; he has now done it to income tax. Bravo.

There is one remaining area under his control which this admirable principle has still to penetrate. If he deeply believes all he has said about enticing successful individuals to Britain with attractive taxes – why not apply exactly the same logic to successful investments?

It is the UK Chancellor who controls the level of UK interest rates – not the market. The rates in turn do much to determine the speed, extent, attractiveness and international location of industrial investment. Now would be an excellent moment in history for Mr Lawson to obey his own basic philosophy and set interest rates according to internationally competitive levels.

Such a step would also end – at a stroke – the theological argument about the right exchange rate for sterling. The currency would instead find its natural level. It would also remove an industrial advantage enjoyed by Japan, West Germany and elsewhere over the past quarter century.

Christopher Meakin,
59 Court Lane, SE21.

Newspaper union agreements

From Mr Colin Bourne.

Sir, John Gapper's article on the current difficulties facing the National Union of Journalists (March 7) was a depressing picture if it represented the true position.

The Newspaper Society's determination to use editorial direct input to break trade union organisation is no longer deniable. Most NUJ chapels – now more than half – which have negotiated settlements with their employers in 1987 and, so far, in 1988 have done better than the increases in wages implemented by the Newspaper Society.

The article said that senior staff were being "asked" to sign new contracts withdrawing negotiating rights. There was no explanation of why staff with over 20 years service were told that if they did not sign the new contract they would never get another rise while they worked for Thomson Regional Newspapers (TRN).

The comments of the erstwhile managing director of TRN, Mr Roger Nicholson, appeared to be wholly reasonable. But they gave no explanation of why terms and conditions freely negotiated over many years were suddenly withdrawn by all TRN companies. If I were Mr Nicholson I would be asking myself if I had got my strategy right.

Colin Bourne,
National Union of Journalists,
Old Colony House,
South King Street, Manchester

The European non-Life insurance directive will be dealt with at speed

From The Baroness Elles MEP.

Sir, It is true that some procedural difficulties have arisen between the Council and the European Parliament concerning the adoption of the non-Life insurance draft directive (March 11). But there is no need for despondency and alarm relating to any delay caused by the Parliament in the adoption of this directive – quite the reverse.

Already last July, while considering that "reconsultation" would be necessary, the Parliament unanimously agreed that the matter would be dealt with "with all possible speed".

There is however a substantive difference between the present draft directive and the original draft of 1975. That is not surprising, particularly in view of relevant decisions handed down by the European Court of Justice (ECJ) in December 1986. We could not ignore this difference: there would have been a danger of risking a member state's recourse to the ECJ to declare the directive void on grounds of failure to complete "essential procedural requirements."

The matter is now before the Legal Affairs Committee of the Parliament. There is every expectation that the proposal will be debated and voted upon in the May plenary session. It could be possible for the directive to be adopted by June of this year.

Those EC officials to whom your correspondent referred should not be so anxious to discern plots where, for once, none exist. Members of the European Parliament are fully aware of the importance of this particular directive – and, indeed, of getting on with the job of completing the internal market.

Diana Elles,
European Parliament,
Strasbourg

From Mr Peter Price MEP.

Sir, The coverage of European Community affairs in your newspaper is second to none in Britain. However, this was not reflected in the report from Brussels about insurance legislation (March 11), which was based on a complete misunderstanding of the role of the European Parliament in Community legislation.

In 1975, the Commission made a proposal to enable non-Life insurance to be sold across national frontiers. The European Parliament passed the legislation, with amendments, in 1978. The Commission immediately accepted most of those amendments. However, the proposal remained blocked in the Council of Ministers for the next 10 years.

In December 1986, in a series of important judgements concerning the market in insurance, the European Court of Justice drew a distinction between large companies, which are well able to look after their own interests, and smaller businesses and individuals, who need consumer protection provisions. As a result, discussions re-commenced in the Council of Ministers to see whether a political compromise could be found on the basis of that distinction. Those discussions succeeded, and in February this year the Council adopted a common position by a qualified majority. Greece was the only country opposed, although some others were unenthusiastic.

That political compromise must now be carried into legislation. The text adopted by the Council is completely different from that approved by the European Parliament a decade ago – even before it became directly elected. Since a judgement of the European Court of Justice in 1980, it has been settled law that prior consultation of the European Parliament on all the elements of a legislative measure "constitutes an essential formality, disregard of which means that the measure concerned is void." The Court has made clear repeatedly that where the Council makes substantial changes in a proposal upon which the European Parliament has been consulted, it must re-consult the Parliament.

In the proposed directive the scope has been completely changed, excluding most citizens and businesses from its benefits. It has new derogations enabling some member states to defer implementation for several years. Finally, the text itself bears little resemblance to that passed by the Parliament in 1978. There can be no dispute that the changes are "substantial." Even before the Single European Act, it would have been necessary to re-consult the European Parliament. The fact that Parliament and Council now have second readings, in which different procedural and substantive requirements apply, makes no difference.

I have been appointed as *rapporteur* by the Legal Affairs Committee, in the knowledge that I am keen to see the new proposal adopted as soon as possible. It is my view that, since the compromise opens a substantial market by value, it should be approved. The European Parliament pressed the Council throughout last year to get this far. Having adopted the present text, we shall press even harder for a further directive benefiting individuals and small businesses.

That is the political position of the European Parliament, and it has adopted the steps necessary to achieve its objectives. Even before the Council's text formally reached the Parliament for re-consultation, my draft report was submitted for translation. Within days of formal receipt from the Council, the Legal Affairs Committee will discuss the report. I anticipate its adoption by the Parliament as a whole by mid-May at the latest.

It is absurd to suggest that the implementation of the procedures laid down in the Treaties – and at exceptional speed – will throw the insurance reform plans into chaos. Since there is a decisive majority in both Parliament and Council for the compromise, amendments are unlikely to be adopted in the Parliament, and the remaining stages should then be a mere formality, capable of being concluded within six weeks. Where is the evidence of chaos?

If the European Parliament had failed to adopt the correct procedure, then the resulting legislation could have been put in question by the Greek government or any other affected party at any time by seeking an order that it was void. The case could have taken two years or more and the legislation would then have had to start afresh. Such a mess could truly have been described as chaos. Fortunately, the European Parliament has acted correctly, so that British and other insurers can soon proceed on a basis of legal certainty.

The European Parliament is a relatively new institution. No one would suggest that a second reading in the House of Commons could be by-passed. In time, the role of the European Parliament as the public and democratic stage of the European legislative process will be similarly accepted and understood. That time will come all the more quickly if your esteemed newspaper helps to create that understanding.

Peter Price,
7 Juniper Close,
Biggin Hill,
Westerham, Kent

FINANCIAL TIMES
Tuesday March 22 1988

Trade bill set to shed worst aspects

BY NANCY DUNNE IN WASHINGTON

THE HOUSE and Senate Conference Committee working on the US Omnibus Trade Bill is close to votes which are likely to strip the legislation of some of its most objectionable features.

House conferees are to meet today in a closed meeting where they may finally reject the controversial Gephardt amendment, sponsored by Rep Richard Gephardt, a presidential candidate. The proposal would require the President to act against countries which have a chronic trade surplus with the US and trade barriers against American products.

The measure, already rejected by Senators, would probably have been dropped but for the wish of many congressmen not to embarrass Mr Gephardt before the Southern primaries on March 8.

The weak response to Mr Gephardt's tough trade stance in the primaries and the apparent turnround for US exports has boosted the Administration's anti-protectionist positions.

So far, the conference deliberations have provided a series of good omens. Last week, senators in one of the 17 sub-conferences working on the Bill, weakened a provision which would have changed the method for computing dumping margins in a way which would have stiffened the penalties for foreign producers.

The conference has also eliminated lamb quotas, a provision to give export duty rebates to sugar refiners and several customs-related provisions which the Administration opposed.

It is also expected to delete measures which would encourage private lawsuits against dumping and to drop from the Bill a list of foreign practices requiring the US to retaliate.

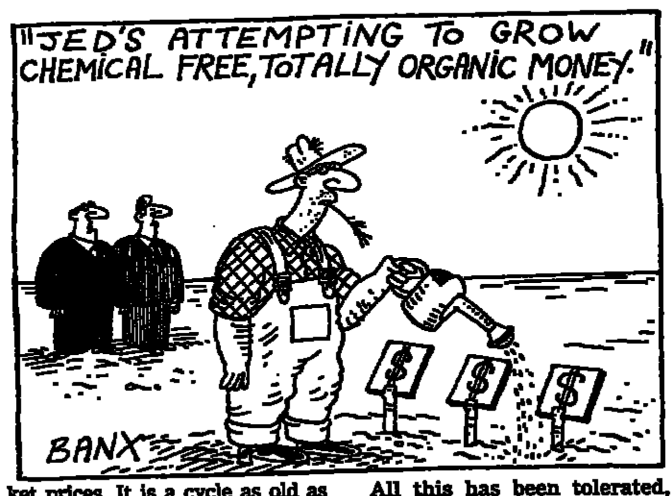
In addition, the Senate Finance Committee, working closely with the Administration on a telecommunications measure, has apparently produced a proposal which the President can accept. This calls on the President to negotiate more market access in selected countries, but leaves him the choice as to whether or not he should retaliate.

More negotiations remain on two "veto-bait" provisions: one would require companies to give employees 60 days' notice before shutting down factories or before large layoffs. The other would require foreign interests to disclose financial data when acquiring a significant portfolio interest in a US asset. Both provisions are likely to be either eliminated or significantly watered down.

New trade war risk, Page 4

American farmers may have to pay the price of a bumper harvest reports **Anthony Harris**

Reaganomics fails to meet the bills



THE ACID impression made by Senator Robert Dole of Kansas and the angry rhetoric of Representative Richard Gephardt of Missouri say something about the region they both represent – the breadbasket of America, stretching from New Mexico to Wyoming, from Oklahoma to Nebraska.

The core of this area is the great plain between the Mississippi and the Rockies, a region of commodity farming and livestock rearing. In some parts it is so flat and empty that you can see the lights of cities 70 miles apart.

The farmers of the plains have just enjoyed a really good year, after a succession of terrible ones which deflated land values by more than half and drove many off the land. The cities they naturally migrate to are in relative decline. Farm-related business is vanishing, with branch factories and offices filling the gaps. Local tax rolls are sluggish and services, notably education, suffer.

There are compensations, of course – the gracious living that can often go with decline. There are big, comfortable houses on big sites. Stress is low, travel is easy and the air is clean. Those who value good health and good temper above ambition have no thought of moving out. They know, all the same, that these are the parts that Reaganomics could not reach and that they may, nevertheless, have to meet some of the bills.

The farmers still face the biggest adjustment. They have paid many of their old debts and are so reluctant to take on new ones that the farm banks are desperate for lending opportunities.

But sound balance sheets are of little comfort when incomes are threatened. The 1987 crop was extraordinary. The livestock industry enjoyed record profits as rising demand overtook shrinking herds and feed was cheap.

Luck like this does not repeat itself. This year and next, there will be more animals for slaughter, higher costs and softer market prices. It is a cycle as old as farming and the one business cycle the President has not apparently suspended.

Above all, though, the farmers know that they cannot long expect to get more than half their income from federal subsidies, as they have for the last two years. Support prices are already being cut and re-cut as Washington struggles with the budget deficit.

The US aim in the new General Agreement for Tariffs and Trade (Gatt) round is to abolish all output-related farm subsidies everywhere and so open markets. This lies in the most conjectural future, but the prospect no longer looks very tempting to American farmers. The green revolution has bred new competitors for them.

There is also a background fear that the American farmer may finally have been rumbled. The farm lobby has had a triumphant run. It has proclaimed the virtues of independence in alliance with the welfare lobby, trading grants for food stamps. It has preached free trade while winning subsidies for exports, for production and for non-production. The current sour joke in the region tells of the CBM crop rotation system – a year for corn, a year for beans and a year off in Miami.

All this has been tolerated, because until now the popular image of the family farmer has remained unchanged. He is a rugged pioneer from a Norman Rockwell painting, or the heroine of a dustbowl film, struggling to bring in her 100 acres of cotton and save the family. This mythical figure has had automatic Congressional support.

The environmental lobby is now painting a different picture: a fat man riding a big machine over the prairies, spraying noxious chemicals on the food he grows. It is a caricature, but contains enough truth to be politically threatening. The farmers must have voting allies, because only 3 per cent of the population now lives on the land.

They may have to relearn farming, even as they are weaned off subsidies. The support regime has turned them into bulk commodity producers.

They have little interest in market demand, because they are not growing for the market. The idea of responding to changing consumer tastes is quite foreign to them. Suggestions from outsiders like Governor Dukakis that they should grow salads, or farm without chemicals, make them angry. Real men don't grow organic lettuce – not so far, anyway.

State and city authorities would like to tackle some of the region's problems by attracting new industry, but they have troubles of their own. When citizens of Kansas City discussed the coming vote on Super Tuesday a few days ago, they were not talking about the primary elections. They were also voting on some 20 plebiscite proposals to issue bonds or raise taxes to support a list of most necessary public works.

The city is also appealing against an order by a Federal judge which would double property taxes to finance an extravagant leap to educational excellence in the run-down city schools. The judge argued that only in this way could Kansas City's immigrant population get equal opportunity. But it will not get access to the private schools where most of the good education is now done.

Throughout the region there is too much administration. County centres were planned to be accessible to anyone who would make the round trip in a horse buggy, at a time when the population was far bigger.

But merging counties, public utilities and perhaps state universities – all under discussion – is a contentious business. Fast progress seems unlikely and, even if it is made, it is hard to be very hopeful about the results.

The attractions of an easy pace, low commercial rents and neighbourliness remain. New offices and plants arrive just fast enough to keep employment growing, though not fast enough to match the growth of the labour force.

Kansas City was recently rated in a Wall Street study as 54th down the list of US cities for dynamism – at 1m, it is far further up the list for size.

On the present balance of economic disadvantage and local attachment to this pleasant place, it is hard to see either position changing very much.

Iglesias seeks end to row over IADB funding

By Alexander Nicoll in Caracas

MR ENRIQUE IGLESIAS, President-elect of the Inter-American Development Bank, yesterday called for a new spirit of co-operation enabling the institution to play a larger role in Latin American economies.

Addressing the IADB's annual meeting, the former Uruguayan Foreign Minister showed his determination to resolve the bitter two-year dispute over capital replenishment which threatens the bank's future.

The speech had been keenly awaited as the first statement of the bank's new direction under Mr Iglesias, who formally assumes the presidency next month.

While steering clear of specific solutions to the battle over the bank's funding, Mr Iglesias, a skilled diplomat, included something for all sides of the argument as he sought to forge a new co-operative atmosphere.

"I do not conceive of a solution of these problems in a climate of confrontation," he said.

Mr Iglesias committed himself to reforms of the bank's management and acknowledged that the industrialised countries which provide most of the bank's resources have a right to scrutinise their use.

There is a strong belief among developed countries in the need for reform. The US, which curtly restated its stance before Mr Iglesias spoke, has made its support of any capital increase conditional on a restructuring of the bank and greater control over loan decisions.

On the other hand, Mr Iglesias also warned that the multilateralism of the bank could not be diluted.

The small institution which the bank had become was not good for anybody, he said. It was inconceivable that the bank should have negative net flows to Latin America.

"An increase of resources is essential and we will work together and get it. We agree on the objectives," Mr Iglesias said.

The bank's future role would be twofold: to contribute to a solution of Latin America's debt problems and to act as an instrument for co-operation and change within the region.

He singled out the need for technological modernisation and said Latin America would become marginal without it.

Debt problems remained severe but were moving in the right direction following economic policy reform and the advent of new financing mechanisms.

Mr Allen Wallis, Under Secretary of State for Economic Affairs, began the meeting with a surprisingly blunt restatement of the US refusal to ask Congress for new IADB funding without broad reforms. "The US position next year will be the same as last year."

Nevertheless, he welcomed Mr Iglesias's election and said: "We expect him to carry out changes in the bank that will create a more efficient institution."

Mr Jaime Lusinchi, Venezuela's President, underscored the need for co-operation between the industrialised and developing nations and warned that protectionism would thwart any long-term recovery in Latin America.


Enrique Iglesias: plea for end to confrontation

THE LEX COLUMN

Digging deeper for Koppers

Beazer's increased offer for Koppers, while not wholly unexpected, can only widen the gulf between the deal's supporters and its critics. The negative view, put bluntly, is that Beazer is being irresponsible. Having exhausted the readiness of its shareholders to back its ambitions with cash, it now proposes to saddle the business with a debt mountain which, even after asset write-ups and disposals, will shove gearing up to 125 per cent. Further, it is making a half-hearted attempt to disguise the effect by creating artificial structures to keep the deal off the balance sheet.

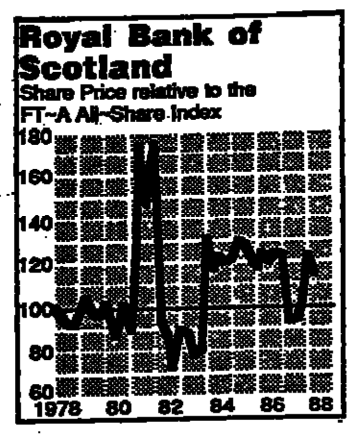
The alternative view, which deserves attention, is that Beazer is out to pursue a high-risk strategy and has chosen a financing method to match. If the combined force of the two companies in the US construction market were to work to plan, the gearing would work powerfully to shareholders' advantage. The real objection to the off-balance sheet method, though, is that the gearing is being presented to shareholders as all opportunity and no risk. Despite Beazer's arguments about the non-recourse nature of the financing, the further weakness in its share price yesterday suggests that the case is not being won in the market place.

The rise in Koppers' price yesterday to just above the new offer looks shrewdly pitched: Beazer probably has a little more in its locker as the price of an agreed deal. But should the purchase go ahead and then run into a US economic downturn later this year, the Beazer share price could turn out very highly leveraged. Koppers' assets may turn out worth the value set on them, but if Beazer's shares fail to reflect the fact it could end up prey rather than predator.

Bell Resources

Mr Packer and Sir Ron Brierley, flush with cash and assets respectively, appear to have the impecunious Mr Holmes à Court in a corner. Even though their A$825m bid for Bell Resources looks too low to succeed, it is high enough to have spoilt Holmes à Court's cheeky plan to fortify his empire by reversing Bell Resources into Bell Group.

While almost any course of action will leave Packer and Brierley richer, all of the options facing Holmes à Court look either too difficult or else involve an outright admission of defeat. In buying some 6 per cent of Bell Resources at barely half its worth and making an ungenerous offer for the rest, Packer and Brierley stand either to make a quick profit if someone else bids more, or to end up with a fairly liquid company at a 30 per cent discount to assets.



Meanwhile, Holmes à Court might make a higher offer for Bell Resources, although neither his own company nor Bell Group could seem bankable enough to raise the money. Alternatively, he could try to liquidate Bell Resources, which would realise nearer the 220p asset value than the 150p per share bid, but would also involve admitting that the game was up.

The most sensible outcome would be for the three to agree a private deal, probably involving some exchange of assets. But if Holmes à Court takes the characteristically uncharacteristic route, he will probably do nothing. After all, he has little to lose by letting the other side be first to show its hand.

Royal Bank of Scotland

There must be a certain sense of relief that the Royal Bank of Scotland has turned down the chance of buying a near bankrupt Texas bank – or Standard Chartered, for that matter – and has set its eyes on purchasing an unknown, former savings bank in Rhode Island, the smallest state in the US. Whatever else might be said about the proposed purchase, Royal Bank cannot be said to be suffering from the same delusions of grandeur which allowed some of its bigger UK rivals to squander hundreds of millions of dollars of shareholders' funds on trying to establish a meaningful US presence.

Assuming that it does not permit itself to pay a silly premium (say, two times book) over Citizens Financial's $310m net worth, the acquisition will probably knock no more than 60 basis points off Royal Bank's current equity to assets ratio of 5.5 per cent. Whilst the proposed acquisition poses no undue financial strains, it does raise serious questions about the group's longer-term strategy. Admittedly, the profitability of the Scottish banking market is likely to decline over time, but Rhode Island is no real substitute, even if Citizens' mortgage banking operations in the faster growing deep South are factored into the equation. To be fair, Allied Irish Banks stumbled onto a goldmine when it bought a stake in First Maryland Bancorp in 1983, but that was before Wall Street fell in love with US regional banks. Royal Bank would have been better to search out a Continental European acquisition.

Booker

Now for the hard part. The past few years have seen Booker shed the image of a messy mini-conglomerate and take on that of a business whose clarity of structure has translated into a trebling of earnings since 1982. True to form, yesterday's annual results showed an 18 per cent rise in pre-tax profits to £64.3m, pleasingly ahead of analysts' expectations. Yet the market's response was grudging: the shares fell 7p to 402p.

Booker's decision to take £2m in profits from the disposal of a number of health food brands above the line goes only part of the way to account for this measure of disillusionment. With earnings growth expected to slow to perhaps 11 per cent in the current year – scarcely riveting in terms either of the food sector or the market – the City was in a mood to question whether Booker deserves to keep its premium rating.

In the short, or even the medium term, the answer is probably yes. Booker is firmly on the right side of the health debate, with its agribusiness interests focused on cheap and virtuous white meat; and even if it is on the wrong side of the dollar (41 per cent of profits came from the US), clever hedging should ease the pain. But its Holland & Barrett health products shops cannot compete now that Sainsbury's and the like have got into the mass muesli market, and developing their niche appeal will be costly. Maybe it's time to give Booker's slightly lopsided three-legged structure a fourth limb.

Nestlé takeover of Buitoni challenged

FROM GEORGE GRAHAM IN PARIS AND ALAN FRIEDMAN IN MILAN

THE ACQUISITION last week by Nestlé, the Swiss food giant, of Mr Carlo De Benedetti's Buitoni pasta and chocolate group was facing a challenge last night with a rival proposal from St Louis, the French sugar producer.

St Louis said it had made a FFr3bn ($526m) offer to Mr De Benedetti last week to buy Buitoni SA, the company listed on the Paris second market which controls Buitoni's French, British and Dutch food interests as well as Davigel frozen food.

The French company also said it was ready to consider an offer for the whole of the Buitoni empire, including Buitoni SpA, the Italian operation, and the Perugina chocolate business.

In Milan last night, an aide to Mr De Benedetti said he could not comment on the French counter-offer. It is believed, however, that Mr De Benedetti and executives from Nestlé are to meet this morning.

The Nestlé takeover, which was signed last week and approved by the Swiss company's board on Friday, calls for the payment of L1,800bn ($1.44bn) for the assets, but not the shares of the Buitoni group, which had 1987 sales of more than L2,000bn ($1.6bn). The share quotations – Buitoni SpA and Perugina SpA on the Milan bourse and Buitoni SA on the Paris bourse – are to remain intact, however.

This means that the 10,000 minority shareholders who hold the 40 per cent of Buitoni SpA not owned by Mr De Benedetti's CIR group are now sitting on a cash mountain.

St Louis's offer of FFr1,000 a share compares with a net value of FFr771 a share for the French component of the Nestlé deal, which similarly leaves shareholders sitting on a cash shell. The future of the company would then be put to a special shareholders' meeting in June.

Mr de Benedetti controls only 47 per cent of Buitoni SA, with 10 per cent owned by the Credit Agricole banking group and the remaining 43 per cent held by the public.

Holmes à Court to give up merger plan

MR ROBERT Holmes à Court, the Perth financier, yesterday abandoned a plan to restructure his stable of companies after a joint bid attack from rival Australasian entrepreneurs Sir Ron Brierley and Mr Kerry Packer.

Mr Holmes à Court decided yesterday to withdraw a takeover offer by Bell Resources, the key company in his empire, for its parent Bell Group. Sir Ron's and Mr Packer's A$825m ($607m) joint bid last Thursday for Bell Resources now appears to have moved a step forward.

Although the chances of the joint bid succeeding in its present form are still thought to be slim, Mr Holmes à Court has agreed to negotiate with Sir Ron and Mr Packer.

Mr Holmes à Court controls 43 per cent of Bell Group directly and through through Heytesbury Securities, his personal company.

Bell Group investments include 14.9 per cent of Standard Chartered Bank in the UK as well as media and industrial operations. It owns 40 per cent of Bell Resources, which has a 10 per cent stake in Broken Hill Proprietary, the country's largest company, and other oil and mining interests.

Under Mr Holmes à Court's aborted A$685m restructuring, Bell Resources was offering one share plus A$1 cash for every Bell Group share.

Because it would have given Mr Holmes à Court and Heytesbury a cash infusion of some A$130m and 25 per cent of the new Bell Resources, yesterday's decision appeared to be a setback in his efforts to retain control of a business empire badly hurt by last October's stock market collapse.

There seemed little likelihood of him accepting their A$1.50 a share offer for Bell Resources, and analysts said the two men would have to raise their bid if they wanted to secure the company.

Yesterday the Bell Resources share price finished at A$1.57, well above the two bidders' entry price of about A$1.25. Brokers have estimated the net asset backing of Bell Resources at around A$2.30 per share.

Bid fever in Australia, Page 18

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	64	Dubrovnik	C	11	52	Malta	F	17	63	Rhodes	S	14	57
Algiers	S	25	77	Edinburgh	R	9	48	Manchester	C	9	48	Rio de Jo	F	30	86
Amsterdam	D	13	50	Faro	F	20	68	Manila	F	33	91	Rome	F	16	61
Athens	S	14	57	Florence	C	11	52	Melbourne	S	28	82	Salzburg	R	7	45
Bahrain	S	31	88	Frankfurt	C	13	55	Mexico City	C	25	77	San Francisco	F	21	71
Bangkok	F	34	93	Funchal	C	17	63	Miami	S	10	50	Seoul	C	14	57
Barcelona	S	15	59	Geneva	F	17	63	Milan	D	9	48	Singapore	C	14	57
Beirut	C	19	66	Gibraltar	S	19	66	Montreal	S	-7	19	Stockholm	F	3	37
Belfast	C	7	45	Glasgow	F	11	52	Moscow	S	1	34	Strasbourg	C	15	59
Belgrade	S	17	63	Guernsey	F	10	50	Munich	R	10	50	Sydney	C	14	57
Berlin	C	3	37	Helsinki	C	1	34	Nairobi	F	25	77	Taipei	C	18	64
Biarritz	C	13	55	H Kong	C	20	68	Naples	F	16	61	Tangier	F	18	64
Bombay	S	30	86	Innsbruck	C	11	52	Nassau	F	26	79	Tel Aviv	C	13	55
Bordeaux	C	13	55	Inverness	R	6	43	New Delhi	S	25	77	Tenerife	S	21	70
Brussels	C	9	48	Islamabad	F	25	79	New York	S	-6	21	Tokyo	R	8	46
Budapest	C	13	55	Istanbul	S	8	46	Nice	F	15	59	Toronto	F	-5	23
B Aires	F	21	70	Jakarta	R	30	91	Nicosia	F	21	70	Tunis	S	23	73
Cairo	F	17	63	Jersey	C	11	52	Oporto	S	14	57	Valencia	F	25	77
Cape Town	S	21	70	Jo'burg	F	24	75	Oslo	Sn	1	34	Venice	C	10	50
Caracas	C	27	81	Lima	F	26	79	Paris	C	10	50	Vienna	R	10	50
Casablanca	F	18	64	Lisbon	R	13	55	Peking	Sn	1	34	Warsaw	C	2	36
Chicago	S	-4	25	London	C	12	54	Prague	R	8	46	Washington	Sn	-3	27
Cologne	C	13	55	Los Angeles	F	13	55	Reykjavik	C	1	34	Zurich	R	12	54
Copenhagen	S	3	37	Luxembourg	C	9	48								
Corfu	S	14	57	Madrid	F	17	63								
Dallas	-	-	-	Majorca	S	20	68								
Dublin	F	11	52	Malaga	F	24	75								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Franco-German monetary links

Continued from Page 1

mans believe represent a camouflage for trying to bring in new softer intervention rules within the EMS.

Mr Karl Otto Pöhl, president of the West German Bundesbank, said the meeting showed that European integration on the goods and services markets also required greater co-operation between central banks in monetary policies.

King security pledge

Continued from Page 1

ment would not comment on Mr King's statement but said that the current level of violence would clearly be an important item on the agenda of the Anglo-Irish Conference meeting.

It confirmed that both Sir John Hermon and Mr Doherty would be present. Dublin has excluded the police chiefs from conference meetings since late January when the British Attorney General announced that RUC officers alleged to have been involved in a shoot-to-kill policy in Northern Ireland in the early 1980s would not be prosecuted.

It is felt that the serious violence of recent days has caused the Irish Government to change its position.

Our Belfast Correspondent adds: Mr King and Mr Brian Lenihan, the Irish Foreign Minister, spoke together by telephone yesterday and agreed the need for an urgent meeting of the Anglo-Irish Conference.

Unionist and nationalist politicians in the province meanwhile, remained at loggerheads over the issue of policing policy at IRA funerals.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday March 22 1988

Beazer lifts offer for Kopper to $56 a share

By James Buchan and Philip Coggan

BEAZER, the UK housebuilding and construction group, has raised its highly leveraged bid for Koppers to $56 in cash per share, valuing the US aggregates group at $1.6bn.

The move follows the rejection by the Koppers board of Beazer's original $45 per share offer, which was soon overtaken by the market price.

Koppers' share price rose again in early dealings yesterday and quickly surpassed the new Beazer offer to trade up $3⅞ at $56⅞.

Wall Street speculators, who have bought heavily into Koppers since the first Beazer approach on March 3, say the new offer is still too low.

Koppers said yesterday that its board would consider the revised offer. But Mr Charles Pullin, chairman, said late on Sunday that the company would still pursue its own plan to "maximise shareholder value" by recapitalising the company and keeping it independent.

The plan involves borrowing heavily against the business to pay shareholders a special cash dividend.

The revised Beazer offer appeared to have been made in a hurry in an attempt to pre-empt any recapitalisation plan.

Mr Brian Beazer, chairman, wrote to Mr Pullin giving details of the higher offer on Saturday, shortly before a Koppers' board meeting.

Beazer's original offer was made via a vehicle company, BNS, in which two investment banks, Shearson Lehman and NatWest Investment Bank, had the majority stake.

In London, Beazer's shares closed down 5p yesterday at 182p. The company is to announce its interim results today, which are expected to show a jump in pre-tax profits from £24m to over £40m ($73m).

Belgian glassmaker acquires 20% stake in AFG for $156m

BY DAVID BUCHAN IN BRUSSELS

GLAVERBEL, the Belgian glassmaker, said yesterday that it had bought a 20 per cent stake in AFG Industries of the US, thereby indirectly giving its major shareholder, Asahi of Japan, entry to the US market.

The Belgian company said it had spent $156m to buy into AFG, which is currently undergoing a management buy-out led by Mr Ron D. Hubbard, the AFG president.

At the end of the buy-out, AFG is expected to be owned 25 per cent by its management, 20 per cent by Glaverbel and around 55 per cent by institutional investors, including Drexel Burnham Lambert, the financial organiser of the operation.

However, Glaverbel said it had secured unconditional agreements from the institutional investors to buy all their shares in five years' time.

This would allow it to take over control "without cutting itself off from the support of the present AFG management which, in the past 10 years, had shown its efficiency."

AFG is the second largest flat glass maker in the US, with a 20 per cent market share. AFG, the result of the 1978 merger of American St-Gobain and Fourco Glass, has undergone a transformation with turnover increasing from $101m in 1980 to $488m last year and net profit increasing from $3m to $58m over the same period.

Glaverbel said the eventual takeover of AFG would allow Asahi to become "the world's most geographically diversified glass producer, with significant plans and markets shares in Japan and South-East Asia, in the US and Europe."

GE raises Roper bid and sues Whirlpool

BY OUR NEW YORK STAFF

THE FINANCIAL and legal battle for Roper, the US kitchen appliance and lawn mower manufacturer, continued apace yesterday with General Electric of the US raising its offer to $54 a share, topping Whirlpool's latest offer by $4 a share, and filing suits against both Whirlpool and the target company.

GE's latest offer values Georgia-based Roper at about $507m compared with an initial offer of $358m, or $37.50 a share, from Whirlpool. The market, believing the stakes will rise further, pushed Roper's price up $1⅞ to $54⅞ in brisk early trade.

Whirlpool, trying a legal tactic that paid off handsomely for Pennzoil in its multi-billion damages payment from Texaco over a disputed takeover, filed suit late last week against GE. It claimed that GE had illegally tried to persuade Roper to renege on its $37.50 a share deal agreed with Whirlpool in late February.

GE said yesterday it had been fully within its rights subsequently to offer a higher price to Roper's shareholders who were not bound by the contract. The suit "grossly misstated the facts and was totally without legal merit," it said.

GE is fighting back by filing suits against Whirlpool and Roper to block their takeover deal. It claims that Roper's directors violated their fiduciary responsibilities by making no effort to test the negotiated price in the market although they knew GE had previously expressed interest in Roper.

US hospital group set for $1.15bn buyout

By Our New York Staff

A LENGTHY CAMPAIGN by Charter Medical managers to buy the largest US psychiatric hospital group looked set to succeed with yesterday's approval by outside directors of a bid valuing the company at $1.15bn.

The group, based in Macon, Georgia, said a special committee of independent directors had approved a highly leveraged offer from management, led by Mr William Fickling, chairman, of $30.25 in cash and $7 in junk bonds for each of the shares in the company they do not own.

The buyout group, WAF Acquisition, said it had a commitment from Bankers Trust for up to $440m in financing and a promise to seek syndication for the same amount again.

Part of this will be refinanced through the issue of $770.7m in junk bonds by Drexel Burnham Lambert, the Wall Street investment firm.

But the group still has to fix the interest rate on bonds to be issued to stockholders, which are supposed to have a $7 face value.

The market for speculative bonds has recovered since the stock market crash and Charter Medical is profitable, earning $52m on revenues of $812.8m last year. But investors are expected to demand high rates on the bonds as WAF will be so heavily indebted.

The rate is to be agreed by both Morgan Stanley, advising the non-management directors, and Drexel Burnham.

The group originally offered $40 a share in cash but cut its offer to $33 in cash and securities in response to the stock market fall. Charter Medical said yesterday the suits had been dropped because of the new offer.

Roderick Oram looks at the lending spree that has led to a devastating bust

No joy after Texas property party

AT HIS lavish Halloween party a few years ago, Mr Ed McBirney, a young Dallas financier and developer who came to represent the reckless element of the eye-popping Texas property boom, employed a magician to make an elephant disappear.

Now the boom has turned into a devastating bust, Texans are finding there is no such showy sleight of hand which will rid their skylines and balance sheets of the empty hulks they created over the past five years.

The realisation finally hit home last week, when First RepublicBank, the state's largest bank holding company, was forced by huge property losses and a frantic run on its deposits ignominiously to cede control to federal agencies in return for $1bn of aid. A formal multi-billion bail-out will probably follow.

"The rescue is a real slap to the community," said one resident of Dallas, First Republic's home town, who like other Texans had taken pride in the glitzy transformation of Texan cities in recent years. "The hub of the economic wheel is broken."

Cynicism and anxiety are eating away at the once boundless confidence of Texans who fear further rescue efforts will be needed. "Giving a bank $1bn is like giving a guy a buck and telling him to not to spend it all in one place," said a struggling businessman.

Bankers and builders, victims of their own hype, had bet the banking system on their belief that the boom would never end. The penalty for losing is stiff: they are rapidly forfeiting ownership of some of their biggest financial institutions.

Of the six major Texas bank holding companies which dominate the business, two have been saved by takeovers from out-of-state banks, while the others are fighting for their lives. More government aid will probably be needed for some. Not all will survive as independents.

In the beginning, there was an insatiable demand for office space as the Texan economy rode the wave of $40-a-barrel oil. Even as the price slumped in the early

Mr John Connally, a former governor and US Treasury Secretary, was among the many investors who suffered when the Texas property game turned sour. He had been so optimistic that he borrowed hundreds of millions of dollars as personal loans. When his property ventures unravelled, he was declared bankrupt and forced to sell his possessions.

1980s, many cities like Dallas and Austin believed that electronics and other industries, even property itself, would perpetuate the boom.

It seemed everyone stampeded after spectacular profits, convinced property prices only rose. Financial institutions fell over each other to lend money.

"Anyone with a piece of land who could put together an architectural rendering got a loan," said a prominent property broker.

The Dallas-Fort Worth "metroplex" was the hottest of the feverish markets, as genuine demand for new buildings spawned speculation. Land flips, cash for trash, trading dead horses for dead cows, and kissing the paper were terms for some of the unsavoury techniques which inflated property prices.

Dallas, ever more exciting than the television serial of the same name, became a haven for "$200 a week millionaires," young hustlers so strapped by the car lease, home mortgage and credit card payments which fabricated their lifestyle, that they had virtually no ready cash. Big shots congregated at the Rio Room, a nightclub on the edge of Park Cities, Dallas's most affluent suburb. Some deals were done on a handshake in the men's lavatory, separated only by a one-way mirror from the dance floor.

It was not just the young who recklessly played the property game. Mr John Connally, a former Governor and US Treasury Secretary, was so foolishly optimistic that he borrowed hundreds of millions of dollars as personal loans. When his property ventures soured, he was declared bankrupt and forced to sell his belongings.

By late 1985 and early 1986, it began to dawn on some people that supply of new buildings was far outstripping demand. But developers kept building because financial institutions kept lending. Bankers at major Texas institutions admit to getting a little carried away by the heady atmosphere – property loans came to average a third of their portfolios – but some try to blame savings and loans and out-of-state bankers for the reckless lending.

Certainly there was a world of difference between the boom's McBirneys and the directors of the largest banks in Dallas. But although their bait and rods differed, both groups over-fished the same pond. "We forgot that sometime, something is going to come up and bite your rear off," said a chastened Dallas banker reflecting on the imprudent lending practices.

The bust, when it came last year, was a savage self-inflicted wound. Dallas-Fort Worth, which had tripled its office space in seven years, found it had about 35m square feet too much. The empty buildings, equivalent to all the office space in downtown Boston, will meet supply well into the next decade.

Collapsing property prices blew apart the economics of all projects, irrespective of their merits. Foreclosures peaked last summer at the rate of $1bn a month for five months, wiping out hundreds of developers and trashing the balance sheets of many lenders.

As scores of banks turned to out-of-state help to stay alive, executives of Republic, the second largest bank holding company in Dallas, came up with a plan "made by Texans for Texans." They took over InterFirst, for several generations their arch cross-town rival.

"Shoot, we can handle that!" scoffed Mr Gerald Fronterhouse, Republic's chairman, at InterFirst's $1.2bn of bad loans. But by the time the merger was completed last summer, conditions had deteriorated much further. By year-end First Republic's $33bn of assets included $9.5bn of real estate loans, $4bn of which were non-performing.

Although the property market might have stopped falling, no upturn in sight. Developers are still folding and many banks have yet to tackle fully the costly problems of selling off repossessed properties. When rumours of First Republic's deepening troubles triggered a run, Mr Fronterhouse, his boast barely a year old, had to turn to Washington.

Yet, not all bankers are huddling behind closed doors trying to work out ways to survive. Many, through luck and better judgment, run institutions healthy enough to participate fully in Texas's general economic pick-up, which appeared to begin last summer. There is more to diversified Dallas than bombed-out real estate and shaky banks.

On St Patrick's day last Thursday, the Greater Dallas Chamber of Commerce hosted the area's "largest networking event" at the Cadillac Bar. The invitation read: "The luck o' the Irish will be with you as you make new business contacts, meet old friends, welcome new members and guests and exchange business cards. (Bring a good supply!)."

INTERNATIONAL COMPANIES AND FINANCE

Aga leads $950m bid for hydropower group

BY SARA WEBB IN STOCKHOLM

AGA, THE Swedish industrial gas company, has joined forces with two Swedish forestry companies to bid SKr5.7bn ($950m) for shares in Graningeverken, a hydroelectric power and forestry company which is based in central Sweden.

If the consortium's offer succeeds, Aga has agreed to take over the hydropower operations so that its power division will be self-sufficient, while SCA and MoDo, the two forestry groups involved, will split the forestry interests.

Graningeverken, which is on the unofficial brokers' list in Sweden, has annual sales of about SKr1.3bn and 1,150 employees. It consists of one pulp mill, two saw mills and high quality forests in central and northern Sweden adjacent to MoDo's and SCA's forests.

Its hydropower operations have annual invoicing of about SKr400m and operating income of SKr155m.

Aga's share of the deal amounts to SKr4.5bn. The group is keen to strengthen its power division, which accounts for about 10 per cent of group sales. Last year, the power operations showed profits, after financial items, of SKr150m on sales of SKr1.1bn.

"I believe in power as a long-term investment," said Mr Marcus Storch, Aga's managing director. Sweden's electricity prices are set for a large increase next year and with the phasing out of nuclear power, the country is looking for alternative energy supplies.

The deal would allow Aga to become self-sufficient and more profitable in power production in central Sweden, where it serves about 100,000 customers in industry, private homes and the municipalities.

Aga plans to sell one third of Graningeverken's energy resources to the state power board and will look for a sale-leaseback deal with the option of repurchasing its share so that it can make a large capital gain on the transaction.

MoDo and SCA, two of the largest forestry companies in Sweden, are offering respectively SKr700m and SKr500m for their part of the deal, which consists of the forests and pulp and saw mills.

The deal will enable MoDo significantly to increase its self-sufficiency in wood from 25 per cent to 32 per cent and to cut back on buying wood from the most expensive suppliers in Sweden and abroad, which could mean a saving of SKr20m.

MoDo and SCA plan to close the pulp mill, which produces unbleached sulphite and mechanical pulp, within a few years. Mechanical pulp production is energy-intensive and, as electricity prices are set to rise, the companies believe the mill would be costly to run and that it would be more profitable to use the timber for higher value-added products. The deal will mean a 5 per cent increase in forest land for SCA.

MoDo already has 10 per cent of the shares in Graningeverken. The two main shareholders are Skanska, the construction and real estate group with 29 per cent, and the Nordin family with 24 per cent. Institutions hold 17 per cent and private shareholders have 20 per cent.

SAS sells parcel unit to TNT

By Our Stockholm Staff

SCANDINAVIAN Airlines System (SAS) is selling its Air de Cologne parcel delivery service to TNT, the Australian transport group, as it no longer fits in with the airline's business strategy.

Air de Cologne, which SAS set up less than two years ago, has lost money since the start and SAS is not prepared to make the considerable investments necessary to keep it going.

The service, which delivers 2,500 packages a week and has grown by between 20 and 30 per cent per month, operates in Scandinavia and a few countries elsewhere in Europe.

Although SAS admits that the door-to-door delivery business is one of the fastest-growing segments of the air cargo market, it believes that it does not fit in well with the group's overall business strategy.

SAS recently had to make an out-of-court settlement for an advertising campaign run by Air de Cologne.

Swedish builder tops forecast

BY OUR STOCKHOLM STAFF

ABV, SWEDEN'S second largest construction group which earlier this year emerged as a takeover target for Nordstjernan, the country's largest privately-owned company, reports doubled profits for 1987 and expects a further strong increase for 1988.

Profit after financial items rose to SKr228m ($38.6m) last year, from SKr109m in 1986, surpassing the group's original forecasts. ABV said the increase is due to the higher demand for contract work in Sweden, and reduced losses related to its overseas activities.

The management said that with ABV's strong order intake and strengthened financial position, profits should continue to increase and reach SKr300m for 1988.

ABV's board, unions and main shareholders have so far indicated they are unwilling to accept Nordstjernan's SKr2.2bn bid for outstanding shares in the company, chiefly because they want ABV to remain independent, but also because of the difficulty of evaluating the terms of Nordsternan's offer, details of which will emerge in a prospectus due out in May. The board plans to reassess the bid.

Group turnover last year totalled SKr9.7bn, marginally up on the 1986 figure of SKr9.66bn. ABV has reduced its overseas turnover from SKr2.53bn to SKr1.79bn while raising domestic turnover. The board proposed raising the dividend from SKr4.3 to SKr5.3.

Profits from contract work in Sweden rose from SKr74m to SKr149m, while the losses for contract work abroad were reduced from SKr162m to SKr68m.

Cap Gemini plans to buy Data Logic

By Our Financial Staff

CAP GEMINI Sogeti, the French computer software group, will bid SKr200m ($33.5m) to acquire Data Logic, Sweden's computer service group.

The Data Logic management has approved the offer, which is about 16 per cent above the current market value of the company. Data Logic made a pre-tax profit of SKr24.7m on turnover of SKr182m for 1987.

Cap Gemini posted a 38 per cent increase in 1987 group net profit to FFr266m ($46.4m) on turnover of FFr4bn. Data Logic, based in Stockholm, has a workforce of 300 and activities in Sweden, Norway, Denmark and Britain.

Kelso begins tender offer for American Standard

BY RODERICK ORAM IN NEW YORK

KELSO, A New York specialist in leveraged buyouts, began a tender offer yesterday for American Standard with only a slim advantage on price and a grave disadvantage on timing compared with Black & Decker, its rival bidder for the US plumbing products group.

Shortly after Kelso announced its $78 a share, $2.5bn cash bid late last week, Black & Decker, the power tools group, increased its offer to $77 a share.

Analysts believe American Standard's shareholders might be tempted to take the lower Black & Decker bid because it closes on April 1 compared with April 15 for Kelso's offer. Black & Decker may only get a bare majority of American Standard's shares but enough to win control.

Shareholders who tendered early would be paid quickly, but those who waited until after Black & Decker won control would probably have to wait for payment until the deal had been consummated.

With such a slim gap between the two offers and the cost of money, arbitrageurs who hold a high percentage of the equity might decide it was not worth holding out for the Kelso offer. In addition, arbitrageurs are slightly apprehensive because this is the largest offer by far Kelso has ever made.

Kelso tried to tip the odds in its favour by saying at the weekend that it might be prepared to increase its offer if its tender met an inadequate response. But it took no immediate action to do so.

Two Austrian banks show sharp increase

By Judy Dempsey in Vienna

TWO OF Austria's biggest banks have reported sharply higher profits for 1987 together with expanded balance sheets.

Spar-Casse, the third largest retail bank, said net profits increased by 99.6 per cent to Sch420.8m ($36m) last year. It plans to pay a 12 per cent dividend. Liable capital ratio improved to 3.56 per cent, and the balance sheet total increased to Sch136.23bn.

Girozentrale, Austria's second largest bank, said net profits rose by 50 per cent to Sch277m and that it will pay a 10 per cent dividend.

Liable capital ratio moved up to 3.5 per cent and the balance total increased to Sch274.4bn.

Arbed to fend off takeovers

By Our Financial Staff

ARBED, THE Luxembourg steel maker in which the state has a 30 per cent shareholding, has devised a plan to protect the company from possible takeover bids. It involves establishing a majority of Luxembourg shareholders made up of the Government and a group of Luxembourg banks.

Together the banks and the state will be able to form a blocking majority in the company. Arbed's move appeared to be linked to the battle for control Société Générale de Belgique, Belgium's largest holding company which has a 25 per cent stake in the steel group.

Hachette acquires mail order publisher

HACHETTE, THE French publisher, has acquired publisher Rombaldi from La Redoute, the mail-order group, writes Our Financial Staff. La Redoute declined to give the value of the acquisition. Rombaldi, which sells books by mail, achieved a net turnover of about FFr140m ($24.4m) in 1987.

Terms of Philip Morris deal seen as aggressive

BY CLARE PEARSON

MOST INTERNATIONAL bond markets eased yesterday in response to a sharp fall on Friday night in US Treasury bonds, which continued in European trading yesterday morning despite lack of direction from Tokyo, where markets were closed for a public holiday.

Eurodollar bond prices shed about ⅞ percentage points at the outset and went on to lose a further ¼ point in the afternoon as Treasuries opened lower in New York, on continued worries about higher interest rates.

Price losses in other currency sectors were more modest, but D-Mark bonds had fallen by up to ¼ point and Eurosterling bonds by about ⅛ point by the end of the day. But in all the affected markets the price falls reflected professional mark-downs. Retail business was thin.

New issue activity was depressed by weak secondary markets, although the handful of deals that did emerge were seen as fairly priced – with the exception of a DM250m five-year issue for Philip Morris, the US tobacco company. This bond's 4¾ per cent coupon, combined with its 101½ issue price, were seen as aggressive.

Dealers said Philip Morris appeared to have changed its mind towards the end of last week about which issuing house should have the mandate for the issue. The bond had been expected to emerge under the leadership of a non-West German, though European, house last Friday. In the event, Deutsche Bank led it.

Normally, applications to issue a D-Mark Eurobond have to be lodged with the Bundesbank in time for at least one full business day to elapse between notification and launch. But the Bundesbank's policy in the event of two applications being lodged is unclear. The Bundesbank was unable to comment on its queueing system for new issues yesterday.

An executive at the London office of the European house said yesterday it had lodged an application with the Bundesbank to

INTERNATIONAL BONDS

launch a bond for Philip Morris last Wednesday night and had not withdrawn the application until Friday night, when it became apparent the mandate had lapsed.

However, Deutsche Bank said it had lodged an application with the Bundesbank on Thursday night. This suggests there were two applications outstanding on Friday.

Philip Morris' bond yesterday traded at well outside its 2 per cent fees at about less 2½ bid, although Deutsche Bank said it had been substantially pre-placed with Swiss investors.

A £100m five-year issue for Sweden was welcomed by the Eurosterling market, where there is a scarcity of sovereign paper at present.

Lead-manager S.G. Warburg Securities' pricing of the 9⅝ per cent bond at 101¼, was seen as fair: at launch it gave an 18 basis point yield pick-up over gilts. In yesterday's weak market the deal traded just inside its 1⅞ per cent fees at about less 1.80 bid.

Meanwhile, both Banca Nazionale del Lavoro and Finnish Export Credit tapped the Ecu market for Ecu100m apiece. FEK's four-year bond attracted the greater attention, as its pricing compared favourably with a similarly-dated deal for Swedish Export Credit – also Triple A rated – last week.

Morgan Stanley International led the 7⅝ per cent bond, priced at 101⅝, it was quoted at less 1¾ bid, against 1⅝ per cent fees.

Banque Paribas Capital Market's six-year 7⅝ per cent bond for BNL, London branch, was priced at 101⅛. It was bid at less 2, compared with 1⅞ per cent fees.

In Switzerland, prices were mostly unchanged in thin, directionless trading. A SFr75m six-year 4¾ per cent bond for Hunter Douglas closed its second day's trading at 100, unchanged from Friday. The issue price was 100½.

Wirtschafts-und Privatbank led a SFr100m six-year bond for Britannia, the UK building society. The issue followed two recent deals in Switzerland for two other societies, Leeds Permanent and Abbey National. The 4¼ per cent bond was priced at 100⅝.

Trade Development Bank led a SFr100m bond for American Express Bank, its parent. The 4½ per cent seven-year bond was priced at 100¾.

Dealings to resume in French bid target

By George Graham in Paris

DEALINGS IN the shares of Télémécanique, the French industrial automation company at the centre of a bitter stock market and legal battle between Schneider and Framatome, will reopen tomorrow.

The reopening of dealings is expected to give Schneider, the electrical and construction group headed by Mr Didier Pineau-Valenciennes, the opportunity to buy enough shares in the market to assure it of control of Télémécanique.

Télémécanique's shares were suspended on February 4, when Schneider's opening bid was first announced. Dealings remained suspended because of two counterbids from Framatome, the nuclear power plant builder brought in by Télémécanique as a "white knight," and a further overbid from Schneider.

The shares were traded again for a single day on March 1, when Schneider was able to take its stake up to 24.47 per cent, before a third bid from Framatome caused a further suspension.

Framatome then had to resort to modifying its bid – lowering the price to FFr4,500 a share but extending its offer to 100 per cent of Télémécanique's capital – in an attempt to put off the reopening of dealings last week while it sought to counter-attack through the courts.

The stock exchange announced that it will allow dealings only between FFr4,500, Framatome's offer, and FFr5,890 – 7 per cent above Schneider's bid of FFr5,500 a share, which is limited to 45 per cent of Télémécanique's capital. Neither bidder is allowed under bourse takeover rules to buy in the market at more than 5 per cent above its bid price.

The exchange has also demanded 100 per cent cash cover for all purchase orders for Télémécanique shares tomorrow, in an attempt to avoid excessive speculative activity.

The confusion surrounding the Télémécanique bid battle has highlighted some of the gaps in the current French takeover rules, which the Finance Ministry is now considering revising.

Many bankers feel greater clarity is needed over purchases in the market while a bid is in progress, as well as over the obligations on a bidder who seeks less than 100 per cent of a company.

● Printemps, the French department store group, yesterday announced the terms of its offer to buy a further 18.49 per cent of La Redoute, the mail order house, which would give it control. Printemps is offering five of its own shares for each of La Redoute's, with a cash alternative of FFr2,650 a share.

Investors in Industry raises £100m

By Stephen Fidler, Euromarkets Correspondent

INVESTORS in Industry, the British financial services group owned by the leading clearing banks and the Bank of England, has raised £100m from a group of banks led by S.G. Warburg.

The financing, a 10-year revolving credit, carries a margin of 30 basis points over London interbank offered rates and a commitment commission on the undrawn portion of 10 basis points. Syndication of the financing has been completed.

Westbury, a UK housebuilding company concentrating in the West Midlands and South-West of England and South Wales, is raising £50m in a syndicated loan arranged by Midland Montagu.

It carries a three-year maturity and a margin on drawings of 62.5 basis points over Libor. It will help the company diversify its funding away from short-term uncommitted bank facilities and bilateral medium-term loans and will be syndicated among a fairly small group of UK and international banks.

Merrill Lynch International said it completed syndication of a $100m standby revolving credit for Home Federal Savings and Loan Association of the US. The three-year financing carried a facility fee of 15 basis points, a maximum margin of 15 basis points and allocation fees ranging from 2½ to 5 basis points.

● Vista Chemical of the United States is to make a secondary offering of 2.75m shares, 600,000 of which will be sold in the international market. The shares, being sold by Prudential Insurance and E.F. Hutton, are being offered through Morgan Stanley International. The offer is expected to be made in early April.

Deborah Hargreaves on the changing approach to 24-hour trading

Hopes fade of Liffe-CBOT link

THE CHANCES of a planned link between the London International Financial Futures Exchange (Liffe) and the Chicago Board of Trade (CBOT) are looking slim as the futures industry's focus moves away from linkages as a way to trade around the clock.

The idea behind a link between two exchanges in different time zones is to extend the trading day by enabling a customer to open a position in one market and close it in the other without incurring two sets of transaction costs.

But the industry has yet to see any strong evidence that this kind of tie-up produces results. Even the Chicago Mercantile Exchange, which can at least claim a well-functioning link with the Singapore International Monetary Exchange, is rushing ahead with an automated trading system that will take over from the link to trade outside Chicago's hours.

The much vaunted tie-up between Liffe and the CBOT is the most ambitious link yet planned. The move was announced over a year ago, however, and planning was overtaken by October's stock market crash and, until recently, put on ice.

In addition, since its decision to link with Liffe, the CBOT has introduced a successful evening extension to its Chicago trading hours, capturing some business from the Asian time zone. The exchange is also actively considering an early morning session which, by attracting business from Europe, would compete directly with Liffe.

"We've made it quite clear that a link with Liffe and extended morning trading hours are mutually exclusive," stresses Mr Michael Jenkins, Liffe chief executive. "If the CBOT opened in the early morning, I don't doubt they would do quite a bit of business, and maybe at the expense of Liffe," he argues.

CBOT officials are backtracking about the potential competitive threat of early morning trading to Liffe. "I think it will encourage trade between the two markets by providing opportunities for arbitrage," says Mr Pat Arbor, vice-chairman of the CBOT.

The CBOT points out that during the current short trading overlap between the two exchanges, volume is heavy with arbitrage between US Treasury bond futures traded in both Chicago and London.

Extended hours

With the CBOT poised to move ahead with an early morning session, possibly by the summer, and after the recent revamp of its link committee, the exchange obviously believes extended hours can exist alongside a link with London. However, officials privately doubt that the link will go-ahead, saying it is no longer a priority within the exchange.

Indeed, the industry's experience of links has been less than happy, mainly because of the difficulties involved in ironing out regulatory differences between the two countries involved.

The CME managed to get its own link with Singapore up and running fairly smoothly after it set up Simex virtually from scratch and worked closely with the regulatory authorities in Singapore. Even so, Eurodollar futures has been the only contract to benefit appreciably from the mutual offset agreement between the two.

Simex's total volume at around 8,000 contracts a month remains small by comparison with the CME's own volume of over 6m per month. The exchange acknowledged the link's limitations when it announced its agreement with Reuters to develop an automated trading system. "Linkage may be only a partial response to globalisation," the CME maintains.

Aside from Simex, which the CME describes as a "unique opportunity," other exchange links have either flopped shortly after start-up or failed to get started at all.

The Sydney Futures Exchange remains optimistic about its gold futures link with New York's Comex. Volume has risen so far in March to a modest 453 contracts – up from February's 12. Yet its tie-up with Liffe on US Treasury bonds and Eurodollar futures is moribund. Mr Les Hosking, SYFE's chief executive, stresses that this is not a failure of the link itself but more the result of the fact that the community of local traders in Sydney is underdeveloped.

The link between the American Stock Exchange and Amsterdam's European Options Exchange to trade options on the Major Market stock index contract has experienced dwindling volume since its start just before October's crash. And a proposed tie-up between the Philadelphia Stock Exchange and the London Stock Exchange has been stymied by red tape.

One of the issues blocking Philadelphia's link is the practice of cross-trading in the London markets, which has also proved tricky for Liffe to settle with the CBOT. Cross-trades can be matched off the floor in London without the need to offer them to a trading pit – a practice Chicago's local traders (who trade for their own account) strongly resist.

Cross-trades

Mr Jenkins says Liffe has yielded on that point, although he believes cross-trades can be useful when a contract is not well-established and there is not much liquidity in the trading pit.

While still hoping for a link, Mr Jenkins says Liffe is considering alternatives such as a move towards its own automated system. While stressing this is a long way off, he argues that the exchange's new Trade Registration System, which is expected to be in place for all contracts by the summer, could be a component of an electronic exchange.

Mr Jenkins believes there has never really been a successful link because exchanges have been unwilling to hook up substantial contracts with strong volume for fear of losing liquidity to a partner. It could be that this very factor is thwarting Liffe's own hopes of a link as the CBOT's locals protect their crowded Treasury bond contracts.

US fund to groom companies for takeover

BY ANDREW BAXTER

PENSIONS FUNDS and other institutions in the US and Europe are being wooed to invest in an unusual $100m US limited partnership fund which aims to profit from preparing small US companies for sale to international corporate clients.

With a string of advisers including Mr Leland Prussia, a former chairman of Bank of America, and Lord Lewisham, a relative by marriage of the Princess of Wales, the Emco/Barren Fund aims to "find, groom and flip" its target companies and earn rates of return above 25 per cent.

That is the target set by Mr Bruce Barren, chairman of the Emco/Hanover Group, a California-based multinational affiliation of private merchant banks.

Emco, founded in 1971, plans to use its experience in more than 100 "turnrounds" of troubled companies to instil European-style management philosophies in its purchases for the fund and thus increase their value to a potential acquirer.

Mr Barren, an accountant by training who describes himself as an ex-banker and investment banker, says management concepts in the US and Europe are very different. "You [Europeans] run a company on facts and figures. We run it on entrepreneurial instincts."

The result was that, following a takeover by European interests, new disciplines are wrongly interpreted. The fund will attempt to use its accountancy contacts to buy potential takeover targets earlier than others would, after which there would be a "reconditioning" period of six to 24 months during which Emco would take senior executive positions.

At the same time, potential acquirers, contacted via merchant banks in the UK and continental Europe, will be "warmed up" for a purchase. Mr Barren said the current dollar weakness was producing an "awful lot of activity."

The fund will purchase traditional, middle-market companies with turnover of between $20m and $250m. Typically it will take a 20–25 per cent equity stake in the purchase and would hope to have some 25 to 30 situations running concurrently.

Potential customers for eventual resale would be middle-sized European companies with turnover of between £50m and £300m.

Around 70 per cent of the $1m units in the fund are expected to be sold in the US, with state pension funds featuring heavily. Mr Barren expects the fund to be fully subscribed by May and says there is provision for a $20m oversubscription.

Zurich bank forms options offshoot

BY JOHN WICKS IN ZURICH

A NEW market for derivative financial instruments has been launched in Switzerland with the foundation in Zurich of Options and Futures (OZ), a company set up by BZ Bank Zurich, which pioneered covered warrants in Switzerland in late 1986.

Initially, OZ will issue securitised, long-maturity option contracts. Index and other options, calls and puts, will be tailored to Swiss markets. The main group of users are expected, at least initially, to be institutional investors, which will write the options against their stock portfolio.

Applications will be made to list the options on the Zurich, Basle and Geneva exchanges.

BZ Bank will hold 26 per cent of the company's SFr50m capital, with the remainder in the hands of a consortium of Swiss institutional investors. Institutions have also underwritten a subordinated convertible loan of a further SFr50m.

At the same time, OZ has introduced a new stock index, known as OZX, as the basis for a new market for stock index options and financial futures.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 21

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95¾	96¼	−0⅛	−0⅜	8.74
All Nippon Air 9½ 97	100	†97½	98	−0⅛	−0⅜	9.74
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102⅜	102⅝	−0⅛	0	4.77
Belgium 4⅝ 94	45	98	98½	0	+0⅛	4.96
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES AND FINANCE

A bout of bid fever in Australia

BY CHRIS SHERWELL IN SYDNEY

A FRESH bout of takeover fever has infected Australia's corporate sector, giving an added boost to the rising temperature on the local stock market.

The most prominent of these is last Thursday's A$825m (US$607.9m) bid by Sir Ron Brierley and Mr Kerry Packer for Mr Robert Holmes à Court's Bell Resources, which moved a step forward yesterday when Mr Holmes à Court agreed to withdraw his own plans for consolidating his corporate empire and cancel a Bell Resources shareholders' meeting set for tomorrow.

Three other takeover bids emerged yesterday, while an associated rise in the All Ordinaries index – to levels last seen in the immediate aftermath of last October's stock market collapse – pointed to a changed climate for equity investment in Australia.

●Email, the white goods manufacturer which is 15 per owned by White Consolidated, launched a A$2.35 a share bid for Rheem Australia, the appliance and packaging group which is 61 per cent owned by Broken Hill Proprietary, Australia's largest company.

The bid values Rheem at around A$380m. Email said it had made a bid rather than become involved in discussions with BHP "to reduce the level of speculation in Rheem's share price, which Email believes cannot be justified."

Rheem shares finished 5 cents higher yesterday at A$2.70. BHP said in January that it would divest itself of the company in order to recoup some of the borrowings involved in its recent A$2.7bn restructuring.

The offer is conditional on approval by the Foreign Investment Review Board and 90 per cent acceptance.

●Petersville Sleigh launched a A$9 a share bid for Tooth & Co in a deal which marks a restructuring of the complex Adelaide Steamship group headed by the entrepreneur Mr John Spalvins.

Petersville Sleigh's activities include food processing and marketing, forestry and engineering. It is 49.4 per cent owned by Tooth, which is involved in the food, wine and pub businesses.

Tooth is in turn controlled by Adelaide Steamship and its associate, the retailer David Jones.

The bid values Tooth at almost A$700m. Because Petersville Sleigh is making a two-for-seven rights issue at A$2.40 a share to raise A$99.9m, Tooth will effectively be funding its own takeover.

The overall result is likely to be an injection of cash into both Adelaide Steamship, which will accept the offer up to a maximum of half its Tooth stake, and David Jones, which is underwriting part of the rights issue.

Tooth's shares closed firmer at A$7.20 yesterday, while Petersville Sleigh weakened 35 cents to A$2.35.

●Costain, the British construction group, announced a cash bid of A$3.80 per share for the shares it does not already own in its Costain Australia subsidiary.

Currently, Costain owns 67 per cent of the Australian group, and the remaining shares will cost it A$72.2m. Costain Australia produced A$30.4m in pre-tax profits last year, a rise of 89.5 per cent. It has a half share in the Cracow gold mine in Queensland apart from involvements in property and building.

The offer price was arrived at after discussions between the two companies and directors of Costain Australia are expected to recommend it to shareholders.

It represents a premium of almost 21 per cent over Friday's closing price of A$3.15. It is even higher by comparison with the price range of A$1.90 to A$2.45 seen between the beginning of the year and mid-March.

The bid follows a series of similar takeovers by multinationals which are capitalising on last year's relaxation of foreign investment guidelines by the Government and exploiting the effects of the stock market collapse.

Other British companies which have bought out their minorities include BOC International, Unilever, P&O, Thorn EMI, GKN and the Rugby group.

Helped along by these and other developments, the All Ordinaries index finished 17.9 points higher yesterday at 1432.6, the highest level since October 23.

Interim loss for Wormald

WORMALD INTERNATIONAL, the Australian fire protection and security group which has undergone ownership upheavals in the last 2½ years, slid into an attributable loss of A$54.8m (US$40.4m) in its first half to December, Our Financial Staff writes.

Most of the deficit – which compares with 1986 interim profits of A$12.4m – stemmed from a A$54.7m extraordinary charge attributed mainly to write-offs on the sale of non-core businesses. It has omitted an interim dividend, whereas 10 cents a share was paid last time.

The company did not explain the trading setback which took its net operating result just below break-even, against A$13.2m net profits. However, the interest bill was nearly trebled at A$25.3m compared with A$8.7m. Sales grew to A$598.2m from A$524.4m.

In January, Mr Lee Ming Tee, who bought into Wormald in late 1985, resigned as its chairman and left the board. Management control has passed to Bell, an investment company.

Birlas and Poddars pull out of GKN deal

By John Elliott in New Delhi

THE BIRLAS and Poddars, two leading Indian business houses, have pulled out of a deal with GKN of the UK to take a financial stake in Guest Keen Williams (GKW) of Calcutta, following disagreements over management of the loss-making engineering company.

This is the second partial takeover of a British company's Indian offshoot to have run into trouble in recent months. Plans for part of the Delhi-based Modi family to acquire control of Genelec, a subsidiary of General Electric's Indian offshoot, might also not go ahead.

Nearly a year ago Mr K.K. Birla, a senior member of the family, agreed to buy a stake of just over 7 per cent in GKW which would have reduced GKN's holding from 47.5 per cent to just under 40 per cent.

He planned to inject funds to help halt the company's growing losses, which are believed to have totalled Rs70m ($5.4m) to Rs80m last year on sales of Rs2bn, compared with Rs17m on a similar turnover in 1986.

Mr Birla expected to establish a considerable degree of management control jointly with Mr Saroj Poddar, his son-in-law, who has a successful three-year-old Indian joint venture with Gillette of the US. Mr Poddar was also mounting a bid to acquire a 51 per cent holding from GKN and GKW in Sankey Wheels of West Bengal but this fell through when the Indian Government refused to sanction the import of technology from Rubery Owen of Australia.

The Birla and Poddar managerial ambitions were in line with developments in other companies such as Dunlop, Metal Box, and Chloride where large Indian business houses have gained a substantial degree of control after purchasing small shareholdings.

However, Mr Birla and Mr Poddar found that GKN in the UK was making major decisions on managerial appointments and other policies. So they have decided to cancel their share purchase agreement which was awaiting final Indian government approval. About half the company's operations have been shut since last October because of a lockout of about 5,000 workers over a labour dispute.

Profits jump at Cathay Pacific

By David Dodwell in Hong Kong

CATHAY PACIFIC Airways, the Hong Kong-based international carrier, boosted net profits last year to HK$2.12bn (US$271.8m), up more than 70 per cent on 1986 profits of HK$1.23bn.

Describing 1987 as "an exceptional year," Mr Michael Miles, Cathay's chairman, said "a unique blend of major factors working in the airline's favour all came together," including increased traffic, steady fuel prices, favourable currency movements and higher capacity. Although this would be difficult to repeat, 1988 had started well.

Turnover jumped from HK$8.95bn to HK$11.71bn. Rapid growth in passenger and cargo volumes led to an improvement in revenue load factor from 70.2 per cent to 73.6 per cent.

Borrowings rose from HK$5.88bn to HK$8.32bn, largely because of unrealised exchange losses of HK$2.84bn. This is due to further weakening of the Hong Kong dollar against the currencies in which most of Cathay's borrowings are denominated and stems from a policy of borrowing in currencies in which it has substantial earnings, rather than in Hong Kong dollars.

A final dividend of 20.5 cents per share makes 28 cents for the year against 20 cents.

MISC tops earnings forecast

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN INTERNATIONAL Shipping Corporation yesterday reported a 19 per cent increase in pre-tax profits to 288.8m ringgit ($111.7m) last year, easily surpassing the 245m ringgit profits forecast it made when it was listed on the Kuala Lumpur Stock Exchange.

MISC is Malaysia's biggest quoted company, with a market capitalisation of 3.05bn ringgit.

A final dividend of 7.5 cents a share makes a total of 12.5 cents for the year, half a cent higher than promised in its prospectus.

On turnover 14 per cent ahead at 1.38bn ringgit, group net profit was 21 per cent higher at 288.4m ringgit. The company does not pay any taxes because of capital and other allowances.

MISC attributed its improved results largely to the full employment of its five liquefied natural gas carriers, on contract to transport LNG from Sarawak to Japan for 20 years. Its general shipping business also improved.

MISC said that, although the current levels of liftings in the liner container trade and freight and charter hire rates should hold for the first half of this year, long-term prospects are still uncertain. However, it is confident that current profit levels will be maintained.

Net earnings per share were given as 57.3 cents compared with 92.9 cents, but the decline reflects the issue of new equity at the time of the MISC flotation.

●Promet, the Malaysia-Singapore marine engineering and construction group, has obtained court approval for the lifting of receivership.

This follows agreement last October between the group and its creditor banks on the restructuring of its 284m ringgit unsecured loans and an assurance that the group was on course to profitability once again.

Datuk Brian Chang, Promet's chief executive and its biggest shareholder, said that with the lifting of the receivership, the group would apply for relisting on the Singapore Stock Exchange. Its shares have been traded in Kuala Lumpur since October.

Promet was placed in receivership in 1986 after it had accumulated losses of more than 300m ringgit. The group was hit by a sharp downturn in the oil rig business and the collapse of the Malaysian property market, as well as huge write-offs on its investments in oil exploration.

Datuk Chang said the lifting of the receivership puts Promet in a better position to secure contracts at a time when the Malaysian economy is recovering.

Share crash hits OUB

BY OUR FINANCIAL STAFF

OVERSEAS UNION Bank (OUB), the smallest of Singapore's Big Four banking groups, showed a 4.5 per cent fall in net profits last year to S$34.17m (US$16.94m) and blamed the setback on the October stock market crash – second-half earnings at S$6.67m were 60 per cent lower after additional provisions for possible loan losses.

At the bank alone, 1987 net profits fell by more than a third to S$20.8m after diminution in the value of assets and minority interests.

Despite this, OUB declared a final dividend of 2.5 cents a share for a total of 7.5 cents for the year, up from 6 cents in 1986.

Earnings per share fell to 11.1 cents from 11.6 cents but net tangible assets per share rose to S$2.19 from S$2.13 previously.

However, after-tax earnings for 1986 were struck before an extraordinary loss of S$24.3m, whereas none was incurred this time, leaving the latest attributable result three times higher.

Sharp fall at Singapore Land

SINGAPORE LAND has reported net profits down 82 per cent to S$1.8m (US$0.9m) in the six months to February from S$10.2m, AP-DJ reports.

Rents have firmed in recent months but the company said the improvement would be offset by lower income from tenants renewing old leases, and second-half results are expected to be little changed.

UK COMPANY NEWS

Weir takes 8.75% stake in Howden

By Fiona Thompson

Shares in Howden Group closed 8p up at 125p last night after the company disclosed that Weir Group, fellow Glasgow-based engineer, had acquired a 8.75 per cent stake.

The Weir Group has purchased, over the past few weeks, 3.45m shares and the rights to a further 3.74m shares. J Rothschild Holdings – a major shareholder in Weir – jointly owns the Howden shares with Weir.

Mr Ronald Garrick, managing director of Weir, said last night the company had purchased the shares because it was a good investment. "We are still waiting for a response from Howden."

Mr Ronald Watson, group financial director of Howden, said: "We are waiting for them to approach us, to declare their intentions."

Throgmorton makes £66m bid for Framlington

BY NIKKI TAIT

Throgmorton Trust, a £327m investment trust, yesterday launched a £66.3m bid for Framlington Group, the unit trust and fund management business where funds under management total around £1.6bn.

The two companies are already linked; Throgmorton Trust is managed by Throgmorton Investment Management Services which Framlington acquired in October 1986, and the investment trust already holds a 15 per cent stake in the fund management company as a result of that transaction.

Three directors of Throgmorton are on the Framlington board; the trust is also Framlington's largest single client.

Throgmorton said it was making the bid because of the recent rumours that a purchaser was being sought for the group. These have arisen in the wake of noises from 28.8 per cent shareholder, Credit Commercial de France, that it was "reviewing" its holding.

Throgmorton says its object is to keep Framlington as a "single and independent entity and to develop its future potential, which we believe, under Throgmorton's ownership, will be considerable."

If successful, the trust intends to refloat Framlington at some stage in the future – after, perhaps, a couple of years – but would probably retain a substantial holding.

Mr Bill Stuttaford, Framlington's chairman, said the offer had not been solicited, and expressed surprise that Throgmorton had made its offer public ahead of a board meeting today at which the trust's proposals were to be considered.

Framlington had, earlier in the day, notified the market that an approach had been received from Throgmorton which might or might not lead to a bid.

Throgmorton, which invests predominantly in smaller companies, is making its offer through a wholly owned subsidiary, The Fifth Throgmorton Company and is offering 192p nominal of convertible loan stock for each Framlington share. The loan stock is convertible at the rate of one onrdinary share for every 526p nominal of loan stock.

Alternatively, the stock can be redeemed at 117.5p per £1 nominal in 1993, giving a gross redemption yield of 10.2 per cent.

Rutland up 96% and plans more growth

By Michael Smith

Rutland Trust, the financial services group which specialises in advising smaller companies, yesterday announced that pre-tax profits in 1987 had increased by 96 per cent from £2.7m to £5.3m.

Earnings per share doubled from 0.83p to 1.66p and the dividend was lifted from 0.1p to 0.24p.

Mr Michael Langdon, the chief executive, said yesterday that the 1987 acquisitions and the proceeds of a £17.5m rights issue were not fully reflected in the annual profits.

● **comment**

The events of last October did not suit everyone in the financial services sector, but they seem to have done no harm to Rutland. The hurricane helped to swell the loss adjusting division's profits from £1.63m to £2.38m. And, according to Mr Langdon, the crash helped corporate finance because its clients had to think of ways of raising finance without going to the Unlisted Securities Market. This year there will be a far larger contribution from insurance broking as three new subsidiaries join the two which made the 1987 profits. Meanwhile recent acquisitions – Property Enterprise Managers and Technology Group – should chip in at least £1m and £2m. All this should help profits to about £10m. So far the Langdon vision of an integrated financial services group feeding off a network of an insurance broking intelligence system seems to be working well. But with the p/e at 15.5 this is reflected in the price

UK construction growth helps Rugby rise 45%

BY DOMINIQUE JACKSON

Rugby Group, building materials group, reported pre-tax profits before exceptional items up 45 per cent from £35.5m to £51.4m for the year to December 31 1987. This was at the top end of City expectations.

Mr Andrew Teare, managing director, said growth in the UK construction industry helped UK trading profits rise 44 per cent.

In cement, still the core UK activity and contributing £21.6m to profits, cost-cutting helped offset downward pressure on cement prices which Mr Teare said fell by about 6 per cent in 1987.

Cost-cutting also helped to more than double trading profits at Rom, the steel construction products division. Rom has also recently won a contract worth £26.5m to supply reinforced steel cages for the Channel Tunnel.

Overseas, Cockburn in Australia increased trading profits in Australian dollars but these showed a slight decrease when translated into sterling.

The year had also been an excellent one for the balance sheet, Mr Teare said. Borrowings, which were £50m at the year-end, had been eliminated and there was now a net cash balance of £9m.

Mr Teare said Rugby was keen to make more – specifically European – acquisitions, after purchasing French glass producer Vertal in December.

The directors recommended a final dividend of 4.75p, making a total for the year of 8.5p (7.0p).

● **comment**

Rugby has not faltered since it dropped the "Portland Cement" from its title last year. The salient feature of this solid performance was the even spread of profit advances through what is now a diverse and tightly-run construction materials group. Radical cost-cutting has boosted margins but the company has been so efficient it is difficult to see where more economies could be made. Fabulous cash flow from less glamorous team-members such as the John Carr joinery business has strengthened the balance sheet and Rugby is poised to tackle a few acquisitions. With 1992 in mind, the company is keen to expand in Europe and could well take advantage of the fragmented nature of the French glass industry to scoop up a few more smaller operators. Current forecasts for £63m give a prospective multiple of about 10 which does not seem dear, given that Rugby is set for another record year.

Maxwell takes 20% stake in Winglaw

Maxwell Communication Corporation and Bishopsgate Investment Management, both headed by Mr Robert Maxwell, Mirror group publisher, have taken a 20 per cent stake in Winglaw Group, a private commercial property developer with a £100m portfolio, mostly in the City of London.

Mr Maxwell also announced yesterday that Mr Donald Fruehling, formerly a senior manager of McGraw-Hill, the US publishing group, had been appointed president of the US operations of Maxwell Pergamon Publishing, a subsidiary of Maxwell Communication. McGraw-Hill has been dogged by takeover rumours in recent months, and there has been speculation that Mr Maxwell might be a possible predator.

No price was revealed for the Winglaw transaction, which was arranged by US investment bank Goldman Sachs. Maxwell Communication is taking a 10 per cent stake and Bishopsgate the same. About 75 per cent of the placing proceeds will be new money.

F&H reports unexpected loss

BY CLAY HARRIS

F&H Group, USM-quoted designer and supplier of industrial control systems, yesterday reported an unexpected interim pre-tax loss of £1.59m, against a £342,000 profit previously, and launched a deeply discounted three-for-two rights issue to raise £2.6m.

F&H blamed the loss on the distortion of management and financial information as it diversified from almost total reliance on the motor industry to provide automation controls for airports and the food and metal industries.

The company's shares rose 9p to 80p yesterday. This compares with the rights price of 20p and the 134p at which the shares were offered for sale in August 1986.

The rights issue is to be underwritten by Mr Bob Morton, chairman of the electrical engineer RHP Group, who will become part-time chairman of F&H.

Turnover fell to £2.39m (£3.06m) in the six months to October 31. Mr Dominic Bodart, who became deputy chief executive in the autumn, said yesterday that the decline reflected F&H's inability during those six months to complete orders on time.

However, order books were now at record levels, and the company was likely to break even in the second half, although still show a loss for the year.

A loss of 15.4p per share compares with previous earnings of 2.31p. There is no interim dividend and there is unlikely to be a final. F&H paid a total of 5.66p in 1986-87.

Rights renunciations by directors and a senior manager mean that Mr Morton will end up with at least 32 per cent of the enlarged share capital. Depending on shareholders' approval, the Takeover Panel is to consider waiving the requirement for a full offer.

US regulators interrogate BAT over its $4.5bn bid for Farmers

BY NICK BUNKER

INSURANCE regulators in at least five states of the US are closely interrogating BAT Industries, the tobacco-based multinational, about details of its $4.5bn (£2.3bn) offer for Farmers Group, a Los Angeles insurer.

They stress however that their inquiries follow normal practice in insurance takeover situations. These are governed by so-called "holding company laws" passed in most states in the 1970s to protect policy-holders and prevent acquirers from asset-stripping an insurer after a takeover.

One issue is that BAT's initial applications for clearance to buy Farmers did not express the British group's results according to US accounting principles.

Regulators also want to ascertain how BAT would service the debt burden created by the takeover, and whether its plans for management of the US company would lead to staff cuts or increases in insurance premium rates.

Regulators in Texas – Farmers Group's second biggest state – wrote to BAT early last week with a range of queries, said Mr Scott Nance, a State Board of Insurance official.

The most unusual development has been in Ohio, the home of two Farmers' subsidiaries, where the House of Representatives last week passed a resolution urging state officials to hold public hearings to evaluate the BAT bid.

Mr Wilson Wyatt, a spokesman for BATUS, BAT's US subsidiary, said he did not see that BAT would have any problem replying to any of the states' regulatory queries.

Of the nine states where BAT has to gain regulatory approval, California is regarded as the most important, because it accounts for 42 per cent of Farmers' property/casualty insurance premiums.

Unigroup in black

Unigroup, troubled timber, building and clothing company, announced profits of £126,000 before tax in the six months to December 31, compared with a loss of £89,000 for the half-year to October 31, 1986, if exceptional income of £445,000 is eliminated.

Just over three weeks ago Unigroup, which is involved in legal action against former chairman Mr Ivor Goodman and others to recover alleged bad debts, reported losses of £1.18m for the 14-month period ending June 30.

The loss per share was 0.08p, compared with losses of 0.87p per share in the equivalent period. Turnover increased to £7.94m (£5.54m) and there is no interim dividend.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Alba	int	1.5	May 16	–	–	–
ASD §	fin	5	-	4.5	9.5	8.5
Barry Wehmiller	int	1.5	May 16	nil	-	2
BHH Group	fin	1.25†	-	-	1.25	-
Booker	fin	10.6	-	9	16	13.75
Bredero	fin	3.3	May 31	2.75	5	4.25
Corporate Est.§	fin	0.45	June 1	-	0.75	-
Evans Halshaw	fin	5	May 17	3.47	7	4.19
Garton Eng.	fin	3.75	July 1	3	5	4
James Halstead	int	3.25	Apr 23	2.5	-	6.5
Hickson Int'l	fin	4	-	3.05*	5.625*	4.375*
IMI	fin	4.25	-	3.5	7	6
Geo Ingham	fin	2	–	1.5	3	2.25
Kwik-Fit	fin	1.6	-	1.2	2.8	2.2*
Linread	fin	2.5	May 17	2	3.75	3†
Mackay (Hugh)	fin	5	May 20	4	7	5.5
Metalrax	fin	2.2	June 3	1.73*	3	2.39*
Memec	fin	3	May 20	2.4	4.18	3.3
Pifco Holdings	int	3†	-	2.5	-	6.5
Pressac Hldgs	int	0.5	-	0.43	-	1.56
Rugby Group	fin	4.75	June 10	3.9	8.5	7
Rutland Trust	fin	0.14†	May 30	0.1	0.24	0.1
Spring Ram	fin	0.37	-	0.28*	0.55	0.5*
Suter	fin	3.5	-	2.33*	5	3.5*
Tottenham H'spur	int	1	May 27	nil	-	4
Tyzack (WA)	int	1	-	0.85	-	2.25†
VG Instrument	fin	3	-	2.4	4.5	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¢Third market.

BOARD MEETINGS

TODAY

Interims- Beazer, Benchmark, Bosse Massimi Pollitt, Burton, EFM Dragon Trust, G.C. Flooring-Furnishings, Gabicci, Lloyd Thompson, John Maunders, Strong and Fisher, Tay Homes.
Finals- Banner Homes, Barker & Dobson, Bilston & Battersea Enamels, Bowthorpe, Clyde Petroleum, Computer People, Geest, Hall Engineering, Hunter Jantar, Johnson Group Cleaners, Lancaster, MBS, Metalrax, Stanley Miller, P & O, Pleasurama, Prudential, Sharpe and Fisher, T & S Stores, Rick.

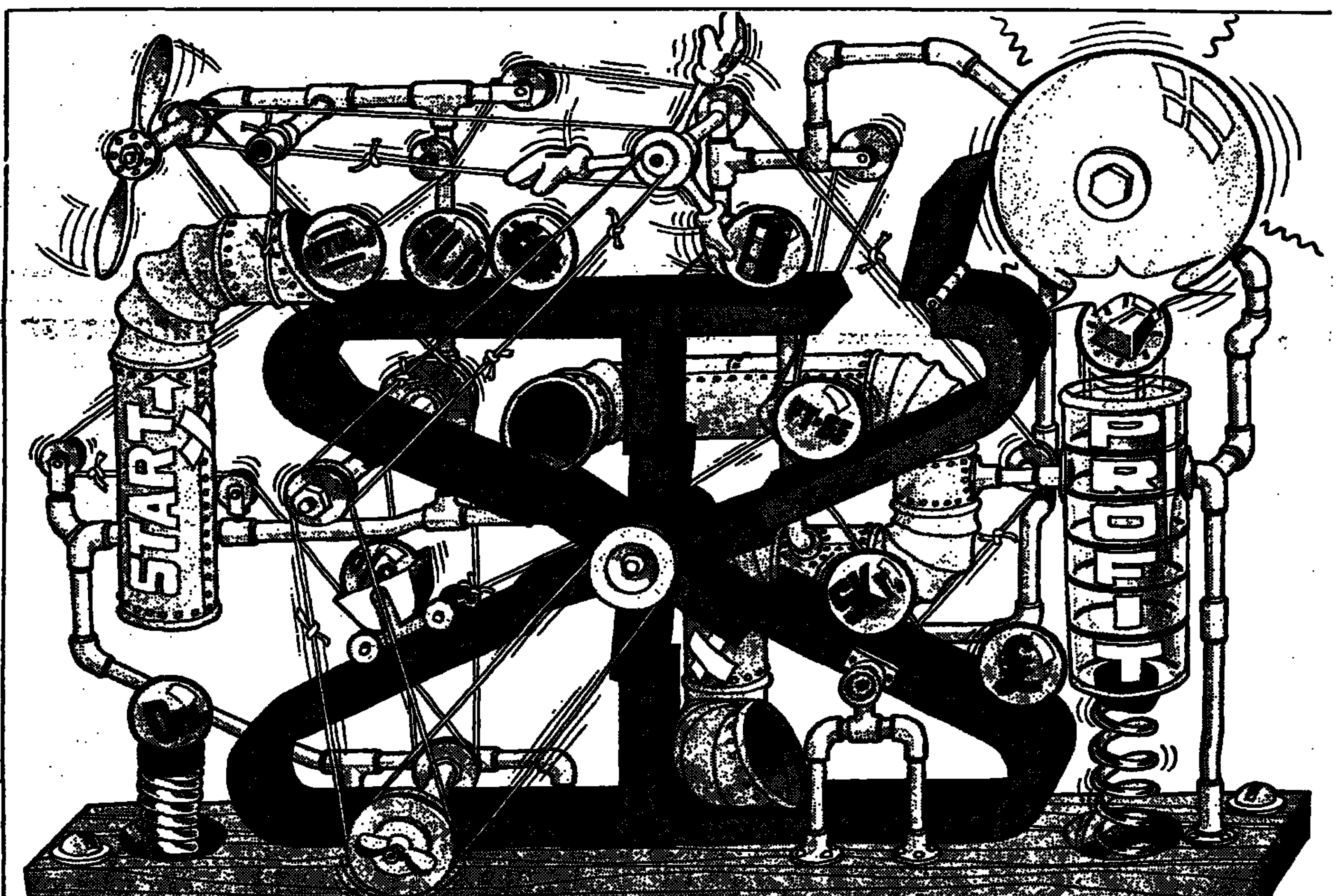
FUTURE DATES

Interims-

Jove Investment	Mar 24
Royal Trust Dollar Income	Mar 31

Finals-

Ash and Lacy	Apr 7
Asset Trust	Mar 25
Barr and Wallace Arnold	Apr 14
Bestwood	Mar 29
Bowater Inds	Mar 30
Brooks Services	Mar 29
C.S.C. Investment Trust	Mar 24
Canning (W.)	Apr 8
Daniels (S.)	Apr 8
E.B.C.	Mar 28
Hunting Petroleum Servs	Mar 29
Lopex Communications	Mar 29
Maxwell Communications	Mar 30
Oliver (George)	Mar 24
Pearl Group	Apr 14
Raine Industries	Apr 30
Scottish Heritable	Mar 29
Taylor Woodrow	Mar 19
Weir Group	Mar 30



FLUID CONTROL THE MOST RAPIDLY DEVELOPING DIVISION

IMI maintains growth record and lifts profits 26% to over £92m

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

IMI, the Birmingham-based industrial group, yesterday reported a 26 per cent pre-tax profits increase from £73.3m to £92.3m for 1987 - its fifth consecutive year of 25 per cent-plus profits growth.

Four of the company's five main operating divisions pushed ahead strongly, but the refining and wrought metals division reported a decrease in pre-tax profits from £14.7m to £13.5m.

Mr Gary Allen, managing director, said margins had suffered in the division because of competition in the titanium alloys business from US and Japanese suppliers.

Of the other four divisions, the strongest performance came from fluid control, now incorporating the Martonair acquisition made in 1986. IMI said this division was now the most rapidly developing part of its business: its contribution rose from £21.7m to £29.1m.

Building products rose from £15.3m to £20.8m amid strong demand from the constructionm industry for its copper tubes, fittings and water heating equipment.

The drinks dispenser division recovered from two dull years and profits rose from £13.8m to £17.2m, while special engineering rose from £14.6m to £17.4m with particularly good performances from the heat exchange companies.

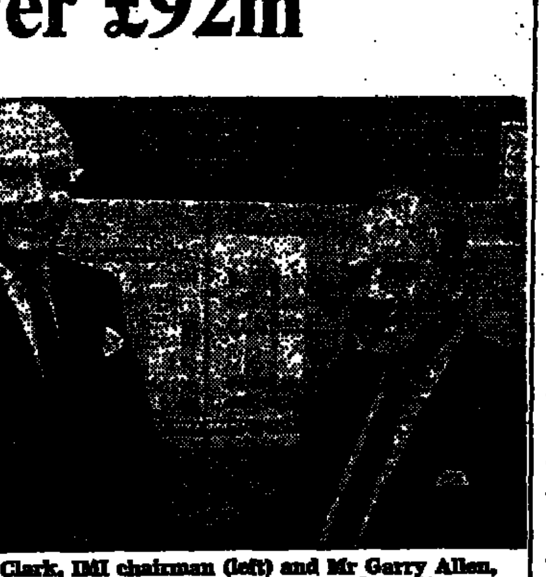
Group turnover rose from £780.3m to £860.8m, trading profits lifted from £75.3m to £93.3m, and net interest payable fell from £5.2m to 4.6m.

Earnings per share, however, were held back by an increase in the tax charge from 28 per cent to 33 per cent and by dilution from the Martonair acquisition. They rose by 12 per cent from 17.1p to 19.2p

A final dividend of 4.25p is proposed, giving a total of 7p (6p).

Mr Allen said most of the profits growth had been organic, with the net effect of acquisitions and disposal adding only £3.4m to the pre-tax figure.

The balance sheet remained strong with debt down to 8 per cent of shareholders' funds.



Sir Robert Clark, IMI chairman (left) and Mr Garry Allen, chief executive, before announcing record profits.

● comment

The rate of IMI's profits growth over the last five years has been impressive for a company already so large, but sentiment of late has been dogged by worries about dilution from the Martonair acquisition and the rising tax charge. Now both are out of the way, the group might be ripe for a modest reappraisal. Its main operating divisions have admittedly been blessed in the last year by a coincidence of upturns in demand, but that is not the whole of the story: the group has also transformed itself from a materials business into a products business while at the same time securing a highly diversified geographical base which its more highly rated stable-mate Glynwed might well envy. With £107m in sight this year, a level tax charge should produce earnings 15 per cent ahead at a little over 22p without further acquisitions. At yesterday's 205p, the p/e multiple of a little over 9 leaves a gap of a point or so between the sector's average and the market's - a gap which looks ready to close.

Resort goes for USM quotation

By Philip Coggan

Resort Hotels, the hotel group based in the south-east, has become the second Business Expansion Scheme company to join the Unlisted Securities Market, following Select Appointments' debut last year.

Resort was established with the backing of four BES funds in 1984. Pre-tax profits in the year to April 30 1987 were £355,000 on turnover of £2.17m.

Capel-Cure Myers is placing 14.29m shares, 29.9 per cent of the equity, at 14p each, valuing the company at £6.7m. At the placing price, the prospective p/e is 15. Pro forma net assets per share are 16.7p.

Evans Halshaw drives up 80%

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

Evans Halshaw, the motor dealer floated on the stock market in 1986, yesterday reported an 80 per cent jump in pre-tax profits from £3.56m to £6.4m for the year to December 31 1987 and looked forward to another strong performance in the current year.

The group sells and services cars through 27 franchised UK dealerships. It also has a contract hire operation and a motor components company (brand name Moprod).

Mr Geoff Dale, chairman, said all three divisions advanced strongly in 1987. The motor group increased trading profits from £3.6m to £5.86m, Moprod's contribution rose from £790,000 to £1m, and contract hire rose from £363,000 to £516,000.

Group turnover rose from £172.9m to £213.2m, total trading profit rose from £4.75m to £7.42m, and interest payable fell from £1.19m to £1.02m. Earnings per share rose 52 per cent from 19.8p to 30.1p and a final dividend of 5p is proposed, making 7p for the year (4.19p).

Mr Dale said profits growth in the motor group had been achieved in all the franchises, particularly Jaguar and Ford. New car sales had been buoyant but the contribution from the group's after-market activities - used car sales, service and parts - had also grown in the same proportion.

Acquisitions last year included a second Jaguar dealership and more representation for Austin Rover, Land Rover and Freight Rover. Mr Dale said these had contributed an initial £350,000.

So far this year Evans Halshaw has bought a BMW dealership in Buckinghamshire and a Ferrari dealership in the West Midlands. It is setting up a new Austin Rover dealership at Longbridge, Birmingham, and Mr Dale said the search for further acquisitions continued.

● comment

The truce in the car wars which ended heavy discounting and lifted net margins from 1 per cent to 4 per cent meant 1987 was a year in which it was comparatively easy to make money out of selling new cars. True, there is more to Evans Halshaw than just that - the profits growth came from after-market activities and two other divisions, too - but downturns in the new car business tend to coincide with downturns in related areas such as used car prices and residual values on contract hire vehicles. The company is better spread than most, however: so with car sales still booming and at least £8m in sight this year, the prospective p/e multiple of less than 8 at yesterday's 288p has the shares looking cheap for the sector.

VG shares tumble as profits miss target

By Clay Harris

SHARES in VG Instruments fell 22p to 397p yesterday after the scientific instrument maker reported a pre-tax profit of £22.32m for 1987, 11 per cent ahead of the previous £20.1m, but below market forecasts.

The unexpectedly poor result reflected the £1.32m exceptional cost of closing two semiconductor-related activities, Oxis and VG Episystems. Neither had contributed to instrument sales, VG said.

Excluding these two businesses, VG's trading margins remained constant at 21.7 per cent on turnover ahead 18.6 per cent to £102.8m (£86.6m). Investment income rose to nearly £1.5m (£1.3m).

Mr Bernard Eastwell, chairman, said the results fell short of VG's internal targets because of a shortfall in deliveries from one subsidiary, VG Semicon. The problems encountered had been exceptional and had caused sales to be lost from 1987.

The technology was now fully developed, however, and deliveries had begun in the first quarter of this year.

Earnings per share rose to 28.78p (24.57p). A final dividend of 3p (2.4p) raises the total to 4.5p (3.5p).

Capital expenditure exceeded £10.5m net of disposals, and US orders were up 21 per cent in dollar terms. Receipts from Japan more than doubled to £15.4m (£7.4m).

Mr Eastwell said last week's recommended $65m (£36m) bid for Kevex, the Californian analytical spectrometry company, would give VG a strong US manufacturing base and a broader scientific market in which to develop.

● comment

Wall Street's early jitters may share some of the blame for VG's slide when the results finally saw the fading afternoon light of day. Nevertheless, it is clear that the London market was far from prepared for the extent of the damage from Oxis and Episystems. The smoke quickly cleared, however, and rightly so. The move to deal decisively (if not too swiftly) with the problems, and to account ultra-conservatively, underlines the management strength which has won VG its market following. With financing costs likely to offset Kevex's maiden partial contribution, a pre-tax total of £27.5m would put the shares on a prospective p/e of less than 12.

Booker rises to £64.3m in spite of fall at Holland & Barrett

BY CLAY HARRIS

Booker, the agribusiness, food distribution and health products group, increased pre-tax profits by nearly 18 per cent to £64.3m in 1987 on unchanged turnover of £1.26bn.

Excluding the retail food distribution businesses sold in 1986, however, pre-tax profits and sales grew by 22.7 per cent and 11.2 per cent respectively.

Strong profit advances were achieved in all operations except Holland & Barrett, the 230-shop health products retailer. Faced with increased competition in health foods, such as bran and muesli, Holland & Barrett moved to emphasise higher margin non-food items such as vitamins, nutritional supplements and natural beauty products.

The 2½-year programme, which will include a facelift for the chain's image and stores, is expected to cost £4m. Booker is also withdrawing from health food brands which it does not make itself.

The decline at Holland & Barrett was offset, however, by improvements elsewhere in the sector and profits on the disposal of the Prewetts and Heath and Heather brands.

Mr Jonathan Taylor, Booker chief executive, said the group would focus on continental Europe for expansion this year, following the acquisition last month of Daehnfeldt, a Danish seeds supplier.

Booker intends to extend its fish farming into warmer waters, adding sea bass and sea bream to existing salmon farming in the UK and North America. It also wants a seeds business in southern Europe.

Booker is also looking for additional opportunities in North America, which contributed 41 per cent of pre-tax profits last year, against 39 per cent in 1986. UK companies accounted for 52 per cent (53 per cent).

Currency swaps insulated Booker from the decline of the dollar, locking in a $1.54 rate for 1987, against the year-end market rate of $1.88 and that of $1.48 for 1986. The swaps have guaranteed a rate of $1.66 for the current year.

Agribusiness continued to contribute well over half of pre-tax profit, with US chicken and turkey breeding businesses achieving record sales and profits. Ibec Aquaculture, the Canadian salmon farm, contributed its first revenue after three years of operation. Similar advances were recorded in the UK.

Wholesale food distribution increased profits by more than 50 per cent, despite poor summer weather and slow-moving cigarette stocks after the nil duty rise in the 1986 Budget. Booker Food Services returned to profit.

In other activities, Booker said Plenty did well in a difficult engineering market, Loseley Dairy Products and overseas trading performed satisfactorily, and Agatha Christie continued to provide the bulk of income from authors' rights.

Booker's tax charge was barely changed at 30.5 per cent. An extraordinary debit of £1.4m (£42.3m credit) reflected the net loss on termination costs for discontinued businesses less the profit on disposal of investments.

Earnings per share grew to 33.8p (27.9p) in line with pre-tax profits. The final dividend of 10.6p (9p) makes a total 16 per cent higher at 16p (13.75p).

Capital investment this year is unlikely to match the £60m spent in 1987, Mr Taylor said.

See Lex

EPIC unmoved by higher offer

BY NIKKI TAIT

Estates Property Investment Company yesterday announced that it is continuing discussions with possible alternative suitors in the wake of an increased cash offer from unwanted predator, Peachey Property Corporation.

News of Peachey's increased terms came yesterday morning. The company raised its offer from £58.5m to £63.4m – equivalent to 260p a share against 240p – and declared the new terms final. There is a loan note alternative and the next closing date is set at April 12.

The revised offer was merely noted by the EPIC board, which said discussions were in process with other possible bidders and strongly advised shareholders to take no action. EPIC, whose portfolio concentrates on industrial property, declined to elaborate on these alternative possibilities.

News of the higher Peachey offer coincided with a circular from EPIC in which it explained that the Budget changes on Capital Gains Tax meant that its contingent tax liability was reduced to approximately £2.6m, or 9p a share. This compares with an estimated 31p previously and the latest net asset valuation – as at end-January – of 268p a share.

In January the company also declared a 3p interim dividend – which will be paid whether or not Peachey's offer is successful - effectively reducing nav to 265p. In addition, the EPIC board has indicated that it intends to declare a 7p final dividend, but this would not be paid under the Peachey offer.

Ahead of the revised offer, Peachey had received acceptances in respect of just under 32 per cent of EPIC's shares and owned just over 1m EPIC shares (4.5 per cent). Yesterday, Peachey's advisers were believed to be in the market adding to that stake, to the tune of about 3 per cent. By the close, however, EPIC shares were trading at around 262p, slightly over the offer price.

Hugh Mackay jumps 68%

Hugh Mackay, manufacturer and distributor of carpets, announced a 68 per cent rise in pre-tax profits for 1987, up from £1.02m to £1.71m. Turnover advanced by 34 per cent from £19.2m to £25.8m.

Most export markets showing better figures with the US continuing its progress. Volume despatches of woven carpet rose 2.5%.

Basic earnings per share came out at 21.96p (13.29p) and fully diluted they worked through at 20.75p (12.58p). A final dividend was proposed of 5p (4p), making a total of 7p (5.5p) for the year.

Progress at Bredero Properties

Bredero Properties has increased pre-tax profits by 28 per cent from £2.9m to £3.7m for the year to December 31 1987 on turnover up from £24.7m to £40.47m.

Net assets were declared at £31.7m, an increase of 21 per cent.

A final dividend of 3.3p (2.75p) gives a total of 5p (4.25p).

The directors said encouraging progress had been made in expanding the residential development programme in the south-east.

UK COMPANY NEWS

Suter on target with profit surge of 79%

BY MICHAEL SMITH

Suter, the engineering and distribution conglomerate, yesterday unveiled a 79 per cent increase in 1987 pre-tax profits and a 44 per cent rise in earnings per share.

Mr David Abell, chairman, said results for the first two months of this year were excellent. The company was in line to achieve its target of increasing earnings by at least 25 per cent annually.

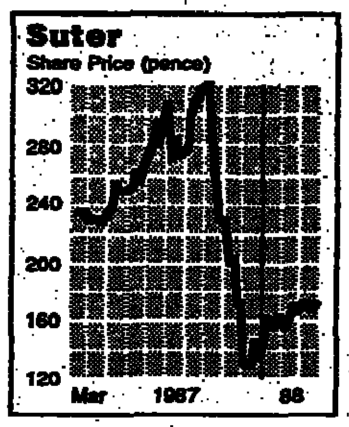
Pre-tax profits of £26.7m (£14.9m) were struck on turnover of £190.4m (up 42 per cent from £134.4m). Earnings were 17.7p (12.2p) and the full year dividend was lifted to 5p (4.2p).

The results were broadly in line with expectations and the shares remained in the depressed state they have been in following a Channel Four programme on insider trading which is the subject of legal action.

Mr Abell said the company had instituted a system whereby directors reported personal dealings in shares to its merchant bank Robert Fleming.

He knew of no inquiries by the Stock Exchange and the Department of Trade and Industry into Suter.

In 1987 distribution contributed £5m (£2.5m), the industrial group £9.8m (£6.2m), property £2.3m (£2.2m), related companies £3.1m (£1.5m) and corporate activities, including share dealing, £6.2m (£1.9m).



Excluding Mitchell Cotts, which was bought in July and contributed £2.8m, pre-tax profits grew 60 per cent.

Mr Abell said the accounts had been drawn up prudently. The company had excluded about £400,000 of profits earned in Africa because there could be problems with remittances.

● comment

From a purely industrial view there is little here to fault Suter. Profits were inflated by the exceptionally high profits from share dealing but, even after stripping these out, organic growth was still running at above 30 per cent. Margins continue to improve – in distribution they rose from 14 per cent to 18 per cent if Mitchell Cotts is excluded – and in future a more sophisticated approach to property management should help compensate for any downturn in corporate activity profits. Investors remain unimpressed. Assuming pre-tax profits £37m, the shares are trading on a p/e of about 8. The caution reflects concern that Suter may be planning a bid for the highly geared Newman Industries. But the main deterrent is the cloud cast by the Channel Four allegations, which seems unlikely to lift for perhaps as long as two years. The shares are not expensive but the scope for them outperforming the market in the immediate future is limited.

Acquisitions boost Hickson

BY ANDREW HILL

Hickson International, chemicals, timber protection and merchant distributor group, increased pre-tax profits by 33 per cent to £20.1m for the year to December 31 1987, against £15.1m in 1986.

Six companies bought during 1987 contributed profits of about £3.5m before tax and the group said buoyant demand for Hickson products, continuing lower oil prices and the stability of the pound against the deutschmark also boosted profits. Group turnover rose to £224m (£161m).

Mr John Marvin, managing director, said Hickson was still interested in further acquisitions in the US, both in timber protection and in chemicals.

Last year three acquisitions in the merchant distributor division, which Hickson claims is now the largest UK distributor of contract floor covering materials, helped double the sector's pre-tax profits to £4.12m (£2.03m), and sales increased to £80.8m (£35.8m).

Mr Marvin said the sector would maintain or perhaps increase last year's 36 per cent (22 per cent) share of group turnover, improving the balance of the whole company.

In the timber protection division, July's £17m purchase of Sayerlack, Italian lacquer company, contributed to a 73 per cent increase in profits to £4.6m (£2.7m) before tax. The group expects profits at the Italian company to top £1m after tax this year.

The share of turnover held by the chemicals division dropped from about half in 1986 to 39 per cent last year, although sales were up to £87.3m (£80.6m) and profits increased to £12.2m (£10.2m).

Earnings per share at Hickson increased to 16p (12.1p) and the board is recommending a final dividend of 4p, making an adjusted 5.625p (4.375p) for the year.

An extraordinary gain of £2.74m included a £1.6m profit on the disposal of Hickson's dyestuffs subsidiary, and £1m made on the sale of a South African site.

● comment

The volatile early 1980s, when chemicals decided Hickson's fate, have given way to more peaceful times, but the group is still vulnerable to a shift in demand for its products, hence the sensible expansion of its distribution arm. Rapid processing of stock makes this a low-risk business, albeit with low margins to match, and elsewhere Hickson is well protected from currency fluctuations. More positively, the company is prepared to make further acquisitions: gearing is about 10.5 per cent, and the group would be happy with 35 per cent, or higher in the short term. Extensive borrowing facilities make even larger purchases possible, but Hickson would perhaps do better to consolidate existing businesses and concentrate on growth in earnings per share. Analysts expect a slightly quieter year, with profits rising to about £23.5m. Yesterday the shares dipped 1p to 179p; on a prospective p/e of about 9.5 they look reasonably attractive in the medium term.

Metalrax growth continues to £5.1m

Metalrax Group, Birmingham-based specialist engineers achieved another profits increase in the year to end-December 1987. The taxable figure rose from £4.16m to £5.06m on turnover up 18 per cent from £38.79m to £45.67m due to improved margins.

A one-for-ten bonus issue is proposed. A final dividend of 2.2p is recommended, making 3p (2.39p adjusted) for the year. Earnings per share for the latest period rose 19 per cent to 7.63p, from 6.4p previously.

All-round growth boosts Alba by 30%

Alba, in its first figures since coming to the market in October, reported interim pre-tax profits of £2.96m, up 30 per cent on the comparable £2.28m. Turnover for the six months to the end of December 1987 was 35 per cent higher at £27.73m, against £20.55m.

Earnings per 10p share came out at 7.01p (6.1p) and there is an initial interim dividend of 1.5p.

Mr John Harris, chairman, said that all divisions had performed well. For the present six months he said that business continued at a satisfactory level.

James Halstead profits growth

James Halstead, floor coverings and protective clothing company, has lifted pre-tax profit by 26 per cent to £2.9m for the half year to December 31 1987.

Turnover at £22.9m was up 13 per cent, and earnings per 10p share improved by 24 per cent to 13p. The interim dividend was declared at 3.25p compared with 2.5p.

BHH to pay dividend on strong result

BHH Group, formerly known as Berkeley and Hay Hill Investments, more than trebled pre-tax profits in 1987 from £811,000 to £2.64m.

Earnings per 10p share increased 50 per cent from 3.6p to 5.4p and a first ever dividend was declared of 1.25p.

The group, which is involved in property development, investment, construction and management, almost trebled turnover from £7.1m to £20.15m.

Garton Eng. surges

Garton Engineering pre-tax profits for 1987 surged from £521,000 to £803,000. Mr Aubrey Garton, chairman, said the result had been achieved due to the continuing high level of demand.

An increased final dividend of 3.75p is recommended, making 5p (4p) for the year.

Spectrum in black

Spectrum Group, USM-quoted computer and computer supplies distributor, swung back into profit in the six months to December 31 1987. The figure was a modest £15,000 but compared with losses of £305,000 in the corresponding period, and losses of £477,000 in the year to June 30.

W A Tyzack's sharp rise

BY NIKKI TAIT

W. A. Tyzack, the Sheffield-based engineering group where new management moved in recently, unveiled a sharp increase in first-half pre-tax profits yesterday, up from £152,000 to £698,000.

The figure for the six months to end-January is scored on a sales boost from £4.51m to £9.48m, and partially reflects two acquisitions – Spencer & Halstead and Pangborn Europe. Both manufacture and install blast-cleaning equipment and made a three-month contribution. At the sales level, Tyzack estimates that they chipped in around £3m, and at the pre-tax level, around £350,000.

In the second half, the company will also have around four months benefit from two more recent purchases – neighbouring engineering business, Tyzack Turner Limited, and Hamburg-based blast cleaning equipment manufacturer, Alfred Gutmann.

At the earnings per share level, the first half saw an improvement from 1.62p to 3.37p. This comes after a 40.8 per cent tax-equivalent to £283,000 although Tyzack says it hopes the full year charge will be somewhat lower at around 37 per cent. Interest charges had virtually no impact in the first half, although gearing after the TTL and Gutmann deals will stand at around 30 per cent. There is an interim dividend of 1p (0.85p).

Pifco rises 24%

Pifco Holdings, Manchester-based small electrical appliance manufacturer, raised pre-tax profits 24 per cent for the six months to October 31 1987 from £506,000 to £629,000.

Earnings per 20p share came out at 10p (7.38p). The directors declared an interim dividend of 3p (2.5p).

UK COMPANY NEWS

Kwik-Fit pushes ahead 44% to finish at £16m

BY FIONA THOMPSON

Kwik-Fit Holdings, the automotive spares specialist, increased pre-tax profits by 44 per cent to £16m for the year to February 29 1988. The advance from £11.11m was made on turnover up 22 per cent to £125.5m (£102.59m). Earnings per share rose from 8.98p to 12.1p.

"We are extremely pleased with the last 12 months," said Mr Tom Farmer, chairman. "The group has increased its market share in all areas."

Kwik-Fit opened 53 new centres during the year, taking the total to 392 outlets – 336 in the UK and 56 in Belgium and Holland. "In 1988 we plan to open a further 60," said Mr Farmer.

The bulk of Kwik-Fit's business is exhausts and tyres – 45 per cent of sales each – though the company is continuing its expansion into add-on services such as brakes, steering, batteries and oil and filter changes. "We plan to really boost our brakes business this year and 450 staff have gone on brakes training courses," said Mr Farmer.

Training is a top priority at Kwik-Fit and £750,000 was spent on it in the year.

Last year the company launched a specialist fleet division, Kwik-Fit Fleet. "An estimated £150m-plus is spent on tyres and exhausts for company cars each year, and we are capturing an increasing share of the market," said Mr Farmer.

Child safety centres have been established at 130 outlets, where child seats and other safety restraint products are sold and fitted.

Investment income rose from £769,000 to £1.32m. This included £500,000 from the disposal of Kwik-Fit's 48 per cent interest in Grundy, an exhaust manufacturer. The tax charge was £5.71m, against £3.5m. A one-for-two scrip issue has been recommended. The directors have proposed a final dividend of 1.6p, making a total for the year of 2.85p (2.2p).

● comment

When a member of the public dances your company jingle on That's Life, and you get a complimentary mention in Hansard, you know your £9m advertising budget is money well spent. To Tom Farmer, his company's success in getting away from the "back street cowboys" image of motor mechanics is as important as his high-kicking profits. Kwik-Fit has 28 per cent of the UK exhaust market, 12 per cent of tyres, and aims to take an increasing share of the brakes, oil, battery and MOT businesses. With a UK motor after-care market worth £3bn, the sky is the limit for growth. This year should see an expansion of its UK fleet business and overseas outlets, possibly in France. The shares closed 4p up at 194p last night. At £20m for this year, the prospective p/e is a soundly-based 13, given the earnings growth.

Another strong year for Spring Ram

BY PHILIP COGGAN

Spring Ram, bathroom and kitchen equipment manufacturer, has recorded another year of bumper profits. Pre-tax profits for the year to January 2 1988 increased 52 per cent from £7.01m to £10.67m and earnings per share more than doubled from 5.2p to 11.7p, thanks to a lower tax charge.

This was just £128,000 (£2.36m) because expenditure on a factory in Scunthorpe, in an Enterprise Zone, was brought forward. However, the tax charge is likely to rise to 25 per cent this year.

The removal of mortgage interest relief from home improvements, announced in the Budget, is not expected to affect sales. "It will only make a difference of £54 a year on the average kitchen," said Mr Bob Murray, the vice chairman, "not much on a purchase of around £2,000. In any case, the average mortgage is now higher than the £30,000 limit and thus many people do not qualify for relief on their home improvements."

Spring Ram is greatly increasing capacity to take advantage of its strong market position and the continuing consumer boom.

Despite the significant investment programme, the company has no borrowings and Mr Murray did not expect there to be significant gearing this year.

Turnover rose 49 per cent to £60.8m (£40.8m). The final dividend is up 10 per cent, after adjusting for a one-for-one scrip issue, to 0.3685p (0.335p) making a total of 0.55p (0.5p).

● comment

Spring Ram's growth has been so rapid that its results are virtually beyond criticism. It has strong positions in several UK markets – 24 per cent of baths, 40 per cent of non-metal sinks – and demand for the products that it sells and for home improvements in general seems to be improving in leaps and bounds. The balance sheet is solid, growth is virtually all organic and the company continues to invest heavily for the future. However, Spring Ram has been a high flying stock for so long that even these figures failed to impress the market, which pushed the shares up just 1p to 191p. Part of the reason is that next year's earnings per share growth will be limited by the rise in the tax charge; another factor may be caution about the Budget changes on home improvements, despite the company's professed lack of concern. However, the crash has knocked some of the wildest optimism out of the share price (it reached 285p in July) and assuming £16m for the full year, the company's record probably deserves the prospective p/e of 14.5.

Spurs back into profit at halftime with £1.6m

BY PHILIP COGGAN

A TRANSFER fee surplus helped Tottenham Hotspur, the only quoted football club, to move into the black in the first half with interim profits reaching £1.62m against a loss of £1.18m in the first period of last year.

But its non-footballing businesses are expected to earn the majority of profits next year. Mr Paul Bobroff, chairman, said that Hummel, the group's leisurewear subsidiary, would make a noticeable contribution next year. Recent acquisitions, like the clothing companies Martex and Stumps, will show through in the second half.

Spurs was also able to announce it had won a contract with the Football Association for the merchandising of souvenir products for the England football team. The contract will cover the next World Cup in Italy in 1990.

Trading profits rose to £244,000 (£17,000) on turnover of £5.7m (£3.05m) thanks to an increase in crowds from 26,000 to 30,000 in the first half of the season. The main contributor to pre-tax profits was a transfer surplus of £1.38m (£1.2m deficit) arising from the sale of Glenn Hoddle and Richard Gough.

But the outlook for the second half, on the footballing side at least, is less rosy. The club has been knocked out of both Cups (it reached the FA Cup Final last season), and has no chance of winning the League. Crowds have slumped to 22,000 and in search of better form, Mr Venables has acquired Paul Walsh and Bobby Mimms at some expense.

Earnings per share, after transfer fees, were 16.9p (loss 12.9p). The club is paying its first interim dividend of 1p.

All-round growth lifts Pressac

By Dominique Jackson

Pressac Holdings, electro-mechanical component manufacturer and precision engineer, yesterday reported pre-tax profits up 44 per cent from £1.04m to £1.5m on turnover up from £18.1m to £25.8m for the six months to January 31 1988.

The directors have declared an interim dividend of 0.5p (0.425p).

Mr John Wagstaff, chairman, said, "The excellent growth pattern achieved over the last three years has continued." He said all divisions performed well.

Mr Geoff White, finance director, said the company had not detected any signs of a reported downturn in the US automotive industry.

In the longer term, the directors expected most significant growth to be registered by the company's telecommunications division.

Linread rises to £2.26m

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

Linread, the Birmingham-based engineering group, yesterday reported another year of recovery from its heavy losses in 1983 with pre-tax profits rising by 66 per cent from a restated £1.36m to £2.26m for the year to last December.

Earnings per share advanced by a relatively modest 16 per cent from 10.78p to 12.47p, reflecting a sharp increase in the tax charge from £295,000 to £814,000 and the issue of shares to finance acquisitions.

A final dividend of 2.5p is proposed, making 3.75p for the year compared with 3p.

The group's main activity is making cold forged fasteners for the aircraft and motor industries, but two acquisitions during 1987 – Warne Wright Engineering and North Bridge – have taken it into precision engineering.

Turnover rose from £24.1m to £34.8m, trading profit from £1.78m to £2.67m.

Barry Wehmiller

Strong growth continued at Barry Wehmiller International in the six months to January 31 1987. This specialist packaging equipment group raised pre-tax profits by 37 per cent from £1.57m to £2.15m on turnover up from £12.24m to £14.8m.

An interim dividend of 1.5p (nil) is declared on earnings per share of 7.5p (6.8p). The tax charge more than doubled from £182,000 to £449,000.

ASD pays £7m for distributor

By Andrew Hill

ASD, steel stockholding and distribution group, is broadening its distribution activities with the purchase of Robert Frazer, private distributor of industrial products, for £7m in cash or loan notes.

ASD, the UK's third largest steel stockholding group, also announced pre-tax profits up 33 per cent to £3.24m (£2.43m) for the year to December 31, on sales of £95.2m (£71.2m).

The USM-quoted company said about 17 per cent of turnover last year was generated by recent acquisitions. The results reflected improved market conditions and the buoyancy of the construction industry.

The tax charge was down from 32 per cent to 21.3 per cent because of tax losses, and earnings per share increased 54 per cent to 35.5p (23.1p). A final dividend of 5p is recommended, making 9.5p (8.5p) for the full year.

In the year to October, Robert Frazer made pre-tax profits of £910,000 on turnover of £19.8m.

SHARE STAKES

Changes in share stakes announced during the past week include:

Ocean Wilson Hldgs: The Al-Dahlawi company of Jeddah is interested in 4.11m ordinary shares (10.36 per cent).

Case Group: Gandalf Technologies, of Canada, holds 3.44m ordinary shares (5.29 per cent).

Boosey & Hawkes: Windjammer, wholly-owned subsidiary of Filmtrax, has acquired a further 27,500 shares and now holds 372,500 (9.49 per cent).

John Haggas: Mr J B Haggas, director, has acquired 337,000 ordinary shares at 148p per share. He is now interested in 5.66m ordinary shares.

Brandy trade mark ruling set aside

NG CHYE MONG PTE LTD v PUBLIC PROSECUTOR
High Court of Singapore:
Mr Judicial Commissioner Chan Sek Keong:
February 29 1988

A TRADE MARK is a symbol of the origin of goods and is not counterfeit, though printed on labels without the proprietor's consent, if there is no intent to deceive the public as to the genuineness of goods to which it is affixed; and accordingly, where brandy is sold under "forged" labels, no trade mark offence is committed in the absence of evidence that the brandy itself was not genuine.

Mr Judicial Commissioner Chan Sek Keong so held when allowing an appeal by Ng Chye Mong Pte Ltd ("the company") against its conviction in a magistrate's court on a charge of selling brandy bottles bearing a counterfeit trade mark.

HIS LORDSHIP said that on January 28 1985 Riche Monde purchased from the company a large stock of Hennessy XO Cognac Brandy.

It took delivery. Before paying it sought the assistance of the producer, Hennessy Co, to verify the authenticity of the labels.

Experts were sent from France. After detailed analysis of the paper, the dye and other features, it was concluded that they were not Hennessy labels.

On May 23 1987 the company was convicted in the magistrate's court of selling 17,246 bottles bearing counterfeit trade marks of Hennessy XO Cognac, contrary to section 69D of the Trade Marks Act.

The magistrate imposed the maximum fine of S$ 2,000, and ordered that the 17,246 bottles be forfeited for destruction.

The company appealed against conviction and sentence.

In the course of the trial the company applied to the court for examination of samples of the seized goods to determine the genuineness of the contents.

The application was rejected on the ground that genuineness of contents was irrelevant to whether trade marks were counterfeit or not.

Section 69D of the Act provided that any person who sold goods "with a counterfeit trade mark" was guilty of an offence.

Section 69B provided that a person counterfeited a trade mark if "without the consent of the proprietor" he made a mark "calculated to deceive".

Having regard to section 69B, the magistrate held that a trade mark was deemed to be counterfeit if made without the consent of the proprietor.

He was of the view that what was prohibited under section 69D was not the act of using the trade mark to pass off goods not manufactured by its proprietor, but the act of deceiving customers into believing it was affixed by the proprietor.

On the present appeal Mr Lightman for the company submitted that section 69D should be construed to reinforce and support the civil law rights of trade mark owners, rather than to create additional rights in their favour through the medium of the criminal law.

In other words, it was argued, "counterfeit trade mark" should be construed to mean a mark used or intended to be used on infringing, not genuine, goods.

The Deputy Public Prosecutor supported the magistrate's decision. He contended that section 69D was plain, and that "counterfeit trade mark" referred to the mark itself and not the goods.

The construction given to sections 69B and 69D by the magistrate meant that anyone who drew the Hennessy mark without Hennessy's consent was deemed to have counterfeited it and committed an offence.

There was no apparent reason why such an act was so inimical to the public welfare that it should be prohibited.

If section 69B had the meaning contended for, all kinds of other innocuous or useful acts would be prohibited. For example, no one in Singapore could write a book on the law of trade mark designs and reproduce the Hennessy mark without Hennessy's consent, without committing an offence.

The number of inconveniences caused to the public by such a law without any corresponding public interest to protect could be multiplied manifold.

At common law a person might copy a trade mark or print labels containing the mark, provided he did so without intending to pass off infringing goods as having been manufactured by the trade mark owner.

In trade mark law a proprietor's right was not a right to own the mark as a commodity. It was a right to use it on goods to indicate their origin.

The mark was used in the course of trade to distinguish the goods of its proprietor from those of other manufacturers.

That was the *raison d'être* of a trade mark.

If a manufacturer had no intention of using a trade mark for that purpose he was not entitled to claim ownership of it as a trade mark.

If he had registered it without such intention or, having such intention, did not actually use it or ceased to do so, he lost the right to the mark(see *Arnold D. Palmer (1987) 2 MLJ 681*).

In *re Vitamins Ltd [1955] 3 All ER 827* Mr Justice Lloyd-Jacob, construing section 4 of the Merchandise Marks Act 1887, said that "trade mark" imported an association with a course of trade in goods so that what was done was "an act relating to goods in the course of trade".

That approach was very persuasive. It gave the same protection to trade mark owners as was given by civil law.

If the product was genuine there was no deception of consumers, even if the mark was affixed without the proprietor's consent.

The construction gave effect to the fundamental nature of a trade mark, as a symbol of the origin of the goods.

On that construction a trade mark applied to genuine goods without the proprietor's consent was not a counterfeit trade mark, because it could not deceive customers into believing the goods were what the trade mark indicated.

On the same basis, the genuineness of the mark within section 69D was not determined by whether it was affixed by or with the authority of the manufacturer of the relevant goods, but by whether it indicated that the goods were those of the manufacturer.

Section 69D first appeared in Singapore in 1871 in a different form as section 486 of the Penal Code, Ordinance No IV 1871.

That Penal Code was a re-enactment of the Indian Penal Code of 1860.

Section 28 of the Penal Code defined "counterfeit". The definition required an intention to deceive, and an act of deception.

The section was relevant for the purpose of interpreting the meaning of "counterfeit trade mark" in section 69D, because of the historical connection. It confirmed the ordinary meaning of counterfeit as "to . . . imitate (with intention to deceive)" in the Shorter Oxford Dictionary 3rd ed.

In the Indian decision *Dina Nath Kapor 1963 (1) LJ 282* it was said with regard to section 28 that "if a trade mark of a company is put on an article belonging to or manufactured by that company, then the trade mark is not counterfeit."

And in *Sumat Prasad [1972] AIR SC 2488* it was said that for the purpose of section 486 of the Indian Penal Code, the complainant had to establish that goods had been sold "having a mark calculated to cause it to be believed" that they were manufactured by the complainant.

The Indian cases were of great persuasive authority on the meaning of "counterfeit trade marks" in section 69D, decided as they were on provisions corresponding to those in the Singapore Act.

The statutory definition did not go beyond the ordinary or dictionary meaning of "counterfeit".

The construction given by the Indian courts to section 486 of the Penal Code was consistent with and gave effect to the fundamental nature and function of a trade mark.

That construction was correct in principle and was adopted by the present court.

It followed that for a charge to be made out under section 69D, the prosecution must prove that the trade mark had been affixed or impressed to goods without the trade mark owner's consent,so as to deceive customers into believing they were genuine (ie, originating from the owners of the trade mark), when they were not.

The prosecution had not produced any evidence to prove that the bottles did not contain Hennessy brandy. No test was conducted. The magistrate had decided such evidence was irrelevant and disallowed the company's application to have the contents tested.

It was not a case of giving a reasonable doubt to the company. There was just no evidence as to the genuineness of the merchandise.

The conviction was set aside. It was ordered that the S$ 2,000 be refunded and the 17,246 bottles returned to the company.

For the company: Mr Gavin Lightman QC and Mr Richard Tan (Lee & Lee, Singapore)
For the prosecution: Mr Lawrence Ang and Mr Lee (Public Prosecutor)

Rachel Davies
Barrister

Businesses Wanted

COMMODITIES AND AGRICULTURE

Cash nickel up $1,000 a tonne

BY KENNETH GOODING, MINING CORRESPONDENT

THE CASH price of nickel soared to a record $7.48 a lb or $16,500 a tonne yesterday morning on the London Metal Exchange following news that the rapidly-disappearing stocks of the metal had fallen again.

Nickel previously peaked at $6.94 a lb on the LME on Friday and yesterday even moved ahead of the free market high point of $7.40 achieved in 1969 when there was booming demand and industrial disputes in the industry.

Nickel for delivery in three months also moved to record levels on the LME in the morning and rose to $6.12 a lb or $13,500 a tonne.

Later in the day, in quiet trading, there was profit-taking and freer "lending" (selling cash and buying forward) which trimmed the cash price by the close to $16,400 a tonne ($7.44 a lb) - still a rise of $1,000 from Friday's close. The three-month price eased back to $13,290 a tonne ($6 a lb).

Nickel's rapid upward price movement was given more impetus yesterday when the LME reported that its nickel stocks had fallen by another 534 tonnes last week to 1,938 tonnes.

They have not been as low since mid-September 1982 and stocks are now dangerously near to the 1,403 tonnes reached in March that year – the lowest point seen since the LME nickel contract was launched in 1979.

Analysts suggest that, in view of the continuing high demand for nickel from the stainless steel industry and current interruptions to supply, $9 a lb ($19,800 a tonne) is a possible target for nickel although the price could come down sharply instead.

LME WAREHOUSE STOCKS
(Change during week ended last Friday)
tonnes

Aluminium standard	+4,425	to 21,250
Aluminium high grade	+350	to 25,550
Copper	+550	to 54,900
Lead	+100	to 19,075
Nickel	−534	to 1,938
Zinc	+575	to 36,050
Tin	-25	to 19,015
Silver (oz).	-180,000	to -19,498,000

Natural rubber market back above 'must sell' level

BY WONG SULONG IN KUALA LUMPUR

NATURAL RUBBER prices have once again breached the "must sell" level for the International Natural Rubber Organisation's buffer stock manager. The rise has been largely in response to tight supplies because of the seasonal reduction in tapping – known as "wintering" – in Southeast Asian countries.

On March 18 Inro's 5-day moving average price was 0.5 cents higher than the level of 242 Malaysian/Singapore cents a kg above which the bsm is required to be a seller.

Mr Aldo Hofmeister, the buffer stock manager, said he was selling rubber, and that he expected prices to stay at current levels at least for another month.

The bsm is not allowed to disclose his sales until 60 days later but traders here say that since his first sales last September, Mr Hofmeister is believed to have sold more than 170,000 tonnes from his 370,000 tonnes stockpile.

"In recent weeks little bsm activity has been detected in Kuala Lumpur, but he has been selling in the European markets," said one official at the Kuala Lumpur Rubber Exchange.

The rubber price first broke through the must sell level in early January, and went as high as 248 cents in the middle of that month. It fell back to below 242 cents in early February, hitting a low of 235 cents, before firming up again.

Apart from the effect of the wintering season, which normally stretches from March to May, and which reduces production by as much as 40 per cent, market sentiment has been buoyed by strong demand from the West, which is reflected in the demand for rubber grades for tyre manufacturing.

In the past month, latex rubber has also met increased demand, and is currently selling at more than 4 ringgit a kg, representing a 40 per cent premium over RSS No 1 rubber, the hedging grade on the KLCE.

Traders are puzzled by the big purchases of latex rubber by China, which has bought 15,000 tonnes during the past two months compared with its total purchase last year of only 10,000 tonnes.

The 32-nation Inro council will meet in Kuala Lumpur on April 20 to discuss the inception of the second rubber agreement, and to review the market situation, including buffer stock sales.

It will be the first Inro meeting since the first agreement expired in October last year.

Chris Sherwell examines the background to a record-breaking price rise

Wool price surge confounds experts' predictions

AUSTRALIA'S resurgent wool industry again has its eyes focussed keenly on the market this week, hoping that the price boom which has defied all predictions will not lose momentum.

Records were smashed for the fifth consecutive week in last week's trading as strong demand, limited supply and dwindling stocks combined to push prices of most wool types still higher.

The market indicator, a benchmark measure, rose another 15 cents to finish at 1,165 Australian cents (463p) a kilogram (clean). The price passed through the psychological 1,000 cents barrier only two months ago.

The soaring trend means that some wool categories have more than doubled in price since the beginning of the 1987-88 selling season. In 1986-87, the average auction price was around 626 cents, itself a record level.

One result is that wool has easily overtaken coal as the country's biggest export earner, and is now forecast to bring in close to A$6bn in 1987-88, some 50 per cent more than in 1986-87.

Wool market economists say that the obvious principal factor behind the unexpectedly persistent trend is the diminished availability of wool in the current second half of the selling season.

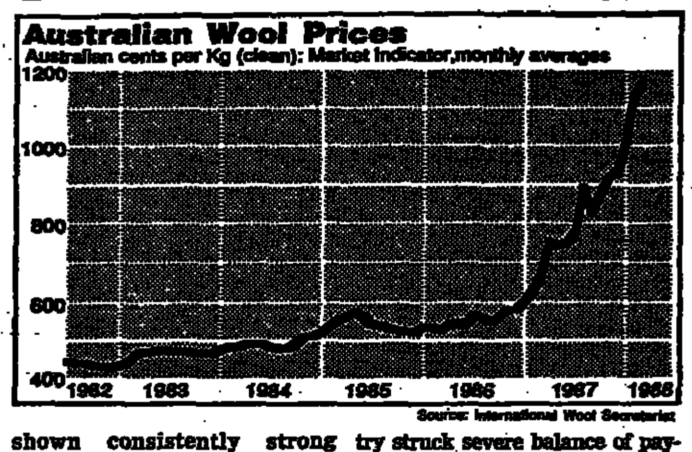
More wool than normal was sold in the first half, they say, apparently to take advantage of the rising market at a time when its durability was uncertain.

At the same time Australian Wool Corporation stocks were also sold down. At the beginning of the season they stood at 382,000 bales, hardly large by comparison with the 1974 record of 1.6m. By December they were reduced to 145,000.

This factor continues to influence the market. At the beginning of last week the corporation's stocks were 34,450 bales. They have since fallen to 27,950.

Also important, however, is the continued strength of consumer demand, notably from Japan and the UK, where strong economic growth is continuing.

Japanese buyers have returned to the market after buying heavily early in the season and then backing off. Their counterparts from Britain and Italy have shown consistently strong demand.



Source: International Wool Secretariat

How long all this might go on is the great imponderable. Analysts now acknowledge that the market's strength has lasted longer and pushed the wool price higher than any of them dreamed, let alone predicted.

In particular, they underestimated the impact of the fall in the value of the Australian dollar after it was floated and the country struck severe balance of payments problems.

No such decline had been seen before, and it made wool relatively cheap for foreign buyers. Manufacturers also appear to have undertaken less substitution than expected of cotton and synthetics for wool – thanks in part to the great effort spent on promoting wool and developing new lightweight wool products.

Coupled with this, the US-led strength of the world economy stimulated customer demand more than expected, and the rise of new markets – China in particular – was simply unforeseen.

Apart from the currency, the uncertainties now focus on how long growth will continue in these markets and the likelihood of manufacturers substituting other fibres for wool, whether because of price or fashion.

Australian woolgrowers thus face a dilemma of deciding where they go from here. Farmers in less profitable activities like wheat have an even tougher problem, working out whether it is too late to switch to wool.

As the short-run incentives are so potent, most woolgrowers are expected to use their gains to apply more fertiliser to their pastures – not only to grow more grass and thereby hold more sheep, but for tax reasons as well.

In the longer-term they are expected to invest in more stock and, to increase productivity, to renovate their pastures and improve their fencing and water supplies.

Because such moves take time, forecasts of Australian wool supply do not show dramatic increases. The Government's Bureau of Agricultural and Resource Economics projects a further 3.4 per cent rise in wool production to 955,000 tonnes (greasy) in 1988-89, following a 4.2 per cent increase in the current year to 924,000 tonnes.

Sheep numbers at present are put at around 164m, up around 3.1 per cent from a year ago. A similar increase is projected for the 12 months to March 1989, bringing the total to 169m, the highest since 1971-72.

As for other wool producing countries, New Zealand growers have profited less from the boom, partly because their currency has strengthened and partly because the wool they produce, being coarser, is used for carpet-type applications rather than clothing, which is where the biggest gains have been scored.

The other principal producers – Argentina, Uruguay and South Africa – are expected to show increases in output no greater than Australia's.

Soviet pact hopes boost Chicago maize and soya

BY NANCY DUNNE IN WASHINGTON

MAIZE AND SOYABEAN prices were up sharply in early trading on the Chicago Board of Trade yesterday after US and Soviet negotiators, meeting in Washington Saturday, expressed optimism after the first round of negotiations towards a new long term grain agreement.

The talks, held in Washington after an earlier postponement, were described as "frank and amicable." The head of the Soviet delegation, Mr Yuri Chumakov, has said he would like a pact completed in time for President Reagan's visit to Moscow, scheduled tentatively for May.

While most grain prices rose, wheat prices dropped in response to a new US offer to the Soviets of 1m tonnes of subsidised wheat.

"It was a classic case of buy the rumour, sell the fact," said Mr Ralph Waldren, a grain analyst with Stotler and Company. A 2m tonne offer had been widely expected, he said. The Soviets are believed to be ready to start buying the wheat in the next few days, and the activity may then have a bullish effect on prices.

Moscow has already bought almost 7m tonnes of grain, under the Export Enhancement subsidy programme, in this final year of the LTA which expires on September 30.

In the talks, the US is hoping to push up the Soviets' minimum purchase commitment to sell as much as possible. With demand depending on unpredictable weather, the Soviets are hoping for as much flexibility as possible in the purchase levels and subsidy commitments. Moscow is also interested in expanded bilateral trade in other areas.

Chernobyl curbs remain

RESTRICTIONS on the movement and slaughter of sheep in parts of northern England, north Wales and Scotland are being maintained for another year because of continuing high levels of radiation resulting from the Chernobyl nuclear accident in 1986, writes Bridget Bloom.

British Ministry of Agriculture officials, announcing the continuation of the controls yesterday, said that although scientists were now confident that the radioactive caesium which remains in the peaty soils of the affected areas could be counteracted by spraying of chemicals or use of minerals, such a course was neither practical nor economic.

The restrictions cover 416 holdings in Wales, 69 holdings in Scotland and 150 holdings in Cumbria, England. Overall some 650,000 sheep are affected. Originally, some 7,500 farms, and about 4m sheep were affected by post-Chernobyl restrictions.

Since 1986, some 11,300 claims from farmers seeking compensation have been approved, with payments amounting to £5.3m.

Bridget Bloom visits one of France's better-off cereal farmers

Monsieur Petitpas treads warily along the road to reform

HENRI PETITPAS, Mayor of Beauchery St Martin, a tiny commune on the fertile plains to the east of Paris, farms 240 hectares of wheat, maize, rapeseed, peas and sugar beet. The land is some of the richest in France, and Mr Petitpas acknowledges that this makes him one of the country's better-off farmers.

He is clearly not short of a franc or two.

Inside his pretty Napoleonic stone farmhouse, approached across an impressive paved courtyard surrounded by big stone barns and stables – now full of expensive machinery – the dining table was laid one day last week for a dozen guests.

Over a leisurely lunch, Mr Petitpas, together with his two sons, for whom he is expanding his farm, expressed his concern – if not alarm – for the future. Like farmers across Europe, he is worried about the likely impact of last month's Summit in Brussels, which will result in a more rigourous approach to the European Community's Common Agricultural Policy.

Mr Petitpas has his ear to the ground: he is the honorary general secretary of a government-backed cereal institute and talks knowledgeably about EC price fixing procedures and the GATT agricultural round.

His wheat plantings last autumn were down by 12 per cent, to about 124 hectares, and he thinks he will not plant any rapeseed this autumn. He is planting a slightly bigger area of peas while keeping his sugar beet and maize acreages about the same.

The chief reason for the changes is price. "We suffered a loss of 600 francs a tonne on last year's rapeseed price of around 2,500 francs and could get a similar drop this year and next if the Brussels measures bite as they are intended to," he said.

The price reductions for cereals are rather less severe: if production across the EC exceeds 160m tonnes in the coming harvest, a 3 per cent price cut will be applied the following year. This year therefore the only extra charge on a tonne of wheat will be another 3 per cent on top of the existing 3 per cent co-responsibility levy.

Mr Petitpas is an efficient farmer and his gross margins – output minus variable costs like fertiliser and seed – from his Paris Basin farm compare very well with his counterparts in Britain's East Anglia. Last year for example, in spite of the poor weather, the average yield of his top grade wheat for bread-making was 7.2 tonnes a hectare, giving a gross margin of nearly £700 a hectare. He reckons his fixed costs (including bank interest and a whole range of maintenance and administrative charges) amount to about £550 a hectare, so his net profit on wheat could have been in the order of £140 a hectare.

With prices declining, yields are all-important for Mr Petitpas. In the better weather of 1986, for example, he got 8.6 tonnes on each hectare of wheat, with much the same inputs.

He shares many of his British counterparts' concerns about the Brussels package, including, for example, the worry that the likely sharp decline in oilseed prices will push farmers back into cereals.

On one key point, however, he differs: neither he, nor the French Federation of Farmers, are attracted in the least by so-called set-aside schemes, which would involve payments for taking land out of cereal production.

Britain's National Farmers' Union wants set-aside made mandatory on farmers as the fairest means of reducing cereal surpluses. But Mr Petitpas sees set-aside, which has been tried without great success in the US over the last 30 years, almost as an Anglo-Saxon plot to deprive Europe's efficient farmers of their right to grow and sell cereals.

The emphasis of French farmers, including Mr Petitpas, is markedly different when it comes to remedies for Europe's surpluses. They accept there will be price cuts, but they want to see an end to the import into the EC of cereal substitutes and the encouragement of new industrial uses of cereals and other surplus commodities for production, for example, bio-ethanol or bio-degradable plastics.

This, they believe, would be the best way of using up any surpluses generated from good cereal land, though they do accept that there could be a shift from cereals to grazing to encourage less intensive farming in marginal areas like the periphery of the Massif Central.

For the future, Mr Petitpas is concerned to become even more competitive, and for that he and his fellow farmers insist that the heavy social and other charges they pay – often amounting, he says, to an extra 5 per cent on each tonne of wheat – must be reduced by the French Government.

Mr Petitpas certainly does not see himself or his sons going out of farming. His father rented the farm, but Henri now owns more than half of it, and is about to conclude a tenancy agreement on another 126 hectares so that his sons Patrick and Pascal, who have both studied agriculture, can farm in their turn.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD PRICES rose steadily yesterday, and the London bullion market closed at just above $450 an ounce, compared with $443 on Friday. Buying was particularly strong in the afternoon ahead of the Nymex opening, which showed a strong rise in the price of crude oil. A weaker dollar, continuing political tension in central America, lower bond prices and a fall in Wall Street's Dow Jones index all helped the advance, dealers said. Platinum prices followed gold up, breaking through the $500 an ounce barrier. But dealers said it had shown some difficulty holding above that level in recent months. Silver prices also rose, with some active industrial buying interest, dealers said. On the LME aluminium prices were almost unchanged following surprise news that LME warehouse stocks had risen 4,775 tonnes last week, instead of falling by 5,000 tonnes as expected.

[illegible]

US MARKETS

In response to firmer crude oil futures and uncertainty concerning Central America, precious metals moved higher in early trading as trade buying touched off commission house stops, reports Drexel Burnham Lambert. Failure to penetrate significant overhead resistance, however, led to prices backing-off for the rest of the afternoon as the markets closed with pared gains. Energy futures opened sharply higher on speculative and fund buying, but as the markets failed to make headway, disappointed long-liquidation emerged to drive prices lower. Copper reacted on the upside to reports of a lower-than expected decline in L.M.E. stocks. Coffee fell on long-liquidation following the markets failure to capitalise on Friday's advance. Cocoa was featureless, while sugar closed in the middle of the day's range in an afternoon dominated by local activity. Cattle futures fell in response to a negative cattle-on-feed report, while bellies and hogs reacted to sharply lower cash prices. The soybean complex and corn futures were firm as fund and speculative buying overcame commercial selling.

New York

[illegible]

Chicago

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Demand for Japanese yen

THE DOLLAR weakened in rather dull trading, as dealers took a longer term view of US economic prospects.

The main feature was the strength of the Japanese yen. Strong growth in the Japanese economy and money supply is expected to put upward pressure on interest rates in Tokyo.

Dealers also believe there has been a distorted demand for dollars, and a reluctance to push the yen higher, ahead of the financial year end in Japan.

There were signs yesterday of yen buying, in expectation that the currency will rise sharply at the beginning of April, when the financial year ends.

In the meanwhile the market is also taking a longer view of the US economy. The January US trade deficit was less than expected, but dealers are not convinced there will be a marked improvement over the whole year.

The dollar fell to Y126.95 from Y128.35; to DM1.6900 from DM1.6975; to SFr1.3995 from SFr1.4055; and to FFr5.7400 from FFr5.7650.

On Bank of England figures, the dollar's index fell to 93.9 from 94.3.

STERLING. - Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. February average 1.7580. Exchange rate index rose 0.1 to 77.0, compared with 78.3 six months ago.

Sterling moved to the sidelines, as the yen attracted attention on the foreign exchanges. Dealersare looking for the pound to mount an attack on DM3.10, but there was no indication of this yesterday.

Remarks by Lord Young, UK Trade and Industry Secretary, about sterling finding its own level, and the dangers of inflation, had little impact.

The next major test for the pound is likely to be on Friday, when the UK trade figures for February will be published.

An improvement from the record £1.51bn trade deficit, and £905m current account shortfall in January, are generally expected by City economists.

The UK retail prices index for February will be announced on the same day, and will also be watched carefully after recent comments by ministers. A fall from the year-on-year inflation rate of 3.3 p.c. in January is looked for.

Sterling rose 60 points to $1.8260-1.8270, but fell to DM3.0875 from DM3.09; to Y231.75 from Y233.75; to SFr2.5550 from SFr2.5575; and to FFr10.4850 from FFr10.4950.

D-MARK - Trading range against the dollar in 1987/88 is 1.9805 to 1.5740. February average 1.6966. Exchange rate index 148.9 against 146.6 six months ago.

The D-Mark weakened against the Japanese yen in Frankfurt yesterday, while sterling lacked direction.

Attention moved towards the yen, which rose to its highest level against the D-Mark for over eighteen months. The Japanese currency improved to DM1.3300 per 100 yen, from DM1.3185 per 100 on Friday. This was the highest close since September 11, 1986.

The Bundesbank did not intervene when the dollar was fixed at DM1.6907 in Frankfurt, compared with DM1.6936 previously. The dollar closed at DM1.6890, against DM1.6940 at the end of last week.

Pressure remained off the European Monetary System, as the D-Mark traded quietly against the French franc. The French Socialist Party warned, in a newsletter, of a politically orchestrated run on the franc later this week, when President Mitterrand declares whether he will be the Socialist candidate for a second term of office.

The franc's weakness benefits the right, according to the newsletter, but the D-Mark rose only to FFr3.3982 at yesterday's Paris fixing, from DM3.3947 on Friday.

£ IN NEW YORK

Mar 21	Latest	Previous Close
£ Spot	1.8225-1.8235	1.8245-1.8255
1 month	0.31-0.29pm	0.29-0.28pm
3 months	0.92-0.88pm	0.89-0.84pm
12 months	3.20-3.10pm	3.05-2.90pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3248	+2.04	+0.86	±1.5344
Danish Krone	7.85212	7.94922	+1.24	+0.06	±1.5404
German D-Mark	2.05853	2.07212	+0.66	-0.52	±1.0981
French Franc	6.90403	7.04044	+1.98	+0.80	±1.3674
Dutch Guilder	2.31943	2.32728	+0.34	-0.84	±1.5012
Irish Punt	0.768411	0.775448	+0.92	-0.26	±1.6684
Italian Lira	1483.58	1533.53	+3.37	+2.64	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Mar 21	£	$
Korea(Sth)	1366.75-1374.15	[illegible]
Kuwait	0.50350-0.50400	0.27510-0.27520
Luxembourg	64.50-64.60	35.30-35.40
Malaysia	4.7180-4.7300	2.5765-2.5795
Mexico	4163.25-4183.85	2275.00-2285.00
N. Zealand	2.7565-2.7615	1.5055-1.5080
Saudi Ar	6.8660-6.8720	3.7500-3.7510
Singapore	3.6880-3.6940	2.0145-2.0165
S Af (Cm)	3.9195-3.9300	2.1410-2.1440
S Af (Fn)	4.8845-5.0180	2.6665-2.7395
Taiwan	52.10-52.40	28.60-28.70
U.A.E.	6.7240-6.7300	3.6725-3.6735

*Selling rate (1)Argentina Official rate now quoted

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

US bonds lose ground

RENEWED FEARS of inflation left US Treasury bonds in poor shape in London's Liffe market yesterday. Values never really recovered from Friday's late sell off in Chicago where investors sold bonds aggressively. This followed a report by the US Federal Reserve, highlighting capacity constraints and a continued rise in manufacturing output, which led to fears that US inflation could rise.

The June price opened at 90-21, having brushed aside resistance at 91-16 and 91-00, and fell to a low of 90-07,before finishing at 90-14. Despite the sharp fall, dealers stressed that trading volume in London was relatively light.

UK gilt futures managed to recover from a groggy start, shrugging off the fall in US bonds. The June long gilt came back from a low of 121-05 to finish at 121-15, unchanged from the opening, although down from Friday's close of 121-25.

While values showed resistance to lower US bonds, underlying sentiment still pointed towards a further easing in prices, as investors continued to voice fears about UK inflation. The performance of sterling remained an all important factor and traders were already looking ahead to trade and inflation figures later this week.

Yesterday's slightly stronger performance by sterling and little change in cash rates, tended to lend support to three-month sterling deposits in early trading. The June price rose to 91.22 at the start from 91.20 but failed to hold this level, slipping back to close at 91.19.

An eighth of a point rise in long dated cash Euro-dollar rates depressed values in three-month futures. The June price started at 92.75 - which proved to be the day's high - and slipped to a low of 92.65. It finished at 92.67, down from 92.88 on Friday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
116	548	—	18	—
118	405	—	39	—
120	243	—	113	—
122	138	—	208	—
124	57	—	327	—
126	28	—	462	—
128	13	—	647	—

Estimated volume total, Calls 1894 Puts 852
Previous day's open int. Calls 31836 Puts 22616

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	655	633	27	105
86	513	508	49	144
88	346	398	118	230
90	224	251	160	323
92	119	163	255	435
94	40	124	412	560
96	21	58	557	730

Estimated volume total, Calls 185 Puts 468
Previous day's open int. Calls 1227 Puts 1248

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Apr	Puts-settlements Mar	Puts-settlements Apr
17000	1430	1655	0	35
17500	932	1213	2	93
18000	463	828	33	208
18500	136	521	206	401
19000	18	299	588	679
19500	1	156	1071	1036
20000	0	74	1570	1454

Estimated volume total, Calls 20 Puts 0
Previous day's open int. Calls 92 Puts 169

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

CURRENCY FUTURES

MONEY MARKETS

UK rates watch for sterling

Money market traders kept a close eye on sterling yesterday, after a weekend to digest last week's UK budget and a surprise cut in base rates. The immediate outlook on rates appeared to depend largely on sterling's performance, and dealers saw little chance of pressure developing for another cut, unless sterling started to challenge DM3.15.

Three-month interbank money was quoted at $8\frac{11}{16}$-$8\frac{9}{16}$ p.c., unchanged from Friday, as was the 12-month rate at $9\frac{3}{16}$-$9\frac{1}{16}$ p.c. Overnight money opened at 8¾ p.c. but credit conditions proved to be easier than originally expected, and late balances were taken as low as 2 p.c.

UK clearing bank base lending rate
8½ per cent
from March 17

The Bank of England forecast a shortage of around £200m, with factors affecting the market including, repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £722m. These were partly offset by Exchequer transactions which added £110m, a fall in the note circulation of £375m and banks' balances brought forward £45m above target.

The forecast was revised to a shortage of around £100m and the Bank gave no assistance in the morning. Afternoon help came to £93m and comprised outright purchases of £8m of Treasury bills and £85m of eligible bank bills, all in band 1 at 8⅜ p.c. Late assistance came to £25m, making a total of £118m.

In Frankfurt the Bundesbank continued to inject liquidity into the money market via state owned banks, in an attempt to offset tax payments. Calls on a new Federal bond are expected to account for a further DM3.2bn. However commercial banks appear to well placed to meet their minimum reserve requirements for the month. While holdings at the Bundesbank fell to DM52.9bn last Thursday from DM56.9bn on Wednesday - the latest figures available - average deposits for the first 17 days of the month were DM58.2bn, well above the expected minimum requirement of around DM54bn.

Consequently the Bundesbank is not expected to add net funds through a fresh sale and repurchase agreement this week.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Notice of Early Redemption

CFDI
Caisse Française de Développement Industriel
U.S. $100,000,000
Guaranteed Floating Rate Notes Due 1997
Guaranteed by the Republic of France

NOTICE IS HEREBY GIVEN that in accordance with Clause 5(b) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding Notes at their principal amount on 21st April, 1988, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation of the Notes with all unmatured Coupons attached, at the offices of any one of the Paying Agents mentioned thereon.

Accrued interest due 21st April 1988 will be paid in the normal manner against presentation of Coupon No. 6, on or after 21st April, 1988.

Bankers Trust Company, London — Agent Bank

22nd March, 1988

FT 30	FTSE 100	WALL STREET
Mar. 1460/1472 -6	Mar. 1838/1850 -5	Apr. 2063/2077 -25
Jun. 1474/1486 -6	Jun. 1856/1868 -5	Jun. 2069/2083 -25

Prices taken at 5pm and change is from previous close at 9pm

£ WORLD VALUE OF THE POUND

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	Last	Aug. 88 Vol	Last	Nov. 88 Vol	Last	Stock
GOLD C	$460	65	9.30	5	20	-	-	$450
GOLD C	$480	21	4.50 B	2	12.50 B	31	21 B	$450
GOLD C	$540	-	-	225	2.10	-	-	$450
GOLD P	$400	-	-	47	3.50 A	-	-	$450
GOLD P	$420	72	3	34	6	109	10 A	$450
GOLD P	$440	42	6	12	12 A	-	-	$450
GOLD P	$460	30	15	-	-	-	-	$450
		Jun. 88		Sep. 88		Dec. 88		
SILVER C	$800	31	14	15	15	-	-	$651
		Apr. 88		May 88		Jun. 88		
EOE Index C	Fl. 200	59	11.80	11	13 A	-	-	Fl. 209.42
EOE Index C	Fl. 205	164	8.50	44	9.50	-	-	Fl. 209.42
EOE Index C	Fl. 210	121	6	49	8	-	-	Fl. 209.42
EOE Index C	Fl. 215	251	3.50	64	5	136	8	Fl. 209.42
EOE Index P	Fl. 185	62	1	2	2.40	-	-	Fl. 209.42
EOE Index P	Fl. 190	28	1.50	7	3.50	-	-	Fl. 209.42
EOE Index P	Fl. 195	88	3	19	4.50 B	-	-	Fl. 209.42
EOE Index P	Fl. 200	193	4	89	7.80	107	8.60 B	Fl. 209.42
EOE Index P	Fl. 205	299	5.80	6	9 B	14	11	Fl. 209.42
EOE Index P	Fl. 210	458	8	55	12	-	-	Fl. 209.42
£/Fl C	Fl. 350	-	-	-	-	50	2.20	Fl. 347.25
$/Fl C	Fl. 180	-	-	25	9.50	-	-	Fl. 189.65
$/Fl C	Fl. 190	150	1.70	-	-	12	3.30	Fl. 189.65
$/Fl P	Fl. 175	-	-	-	-	1000	0.40	Fl. 189.65
$/Fl P	Fl. 185	1020	0.70	10	1.90	24	2.50	Fl. 189.65
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	1032	2.50	672	3	119	4.10	Fl. 41.70
ABN P	Fl. 45	-	-	166	4.50 B	8	5.50	Fl. 41.70
AEGON C	Fl. 70	90	4.60	33	6 A	3	6	Fl. 72.20
AHOLD C	Fl. 75	139	2.20	14	4.20	-	-	Fl. 73.50
AHOLD P	Fl. 70	51	1.20 A	4	2.80	-	-	Fl. 73.50
AKZO C	Fl. 110	876	2.80	614	5.90	53	9 A	Fl. 107.80
AKZO P	Fl. 100	116	1.20	167	5.30	21	7.30	Fl. 107.80
AMEV C	Fl. 55	213	2.60	141	4.60	22	5.50	Fl. 55.50
AMEV P	Fl. 55	86	2.40	45	4.60	5	5.50	Fl. 55.50
AMRO C	Fl. 70	158	2.30	304	3.10	162	4	Fl. 70
AMRO P	Fl. 70	43	2 B	50	4	8	6.30 B	Fl. 70
BUHRMANN-T C	Fl. 50	149	0.80	132	1.90	32	2.90	Fl. 46.50
ELSEVIER C	Fl. 55	305	1.20	495	2.40	33	3.80	Fl. 52.20
ELSEVIER P	Fl. 50	48	0.80	49	2.80	3	4	Fl. 52.20
GIST-BROC. C	Fl. 35	135	1.20 A	417	2.40	67	3.80	Fl. 33.10
GIST-BROC. P	Fl. 35	50	2.50	354	4	324	5 B	Fl. 33.10
HEINEKEN C	Fl. 130	97	6	202	8	10	12	Fl. 130.50
HEINEKEN P	Fl. 120	46	1.90 B	6	4.20	-	-	Fl. 130.50
HOOGOVENS C	Fl. 40	547	1.20	248	2.10 A	31	3.50	Fl. 35.50
HOOGOVENS P	Fl. 35	154	1.80	77	2.90	2	3.10	Fl. 35.50
KLM C	Fl. 35	457	1.40	375	3.10	118	3.50	Fl. 35
KLM P	Fl. 35	68	1.30	57	2.70	68	4	Fl. 35
KNP C	Fl. 120	121	18.50	15	20 A	-	-	Fl. 138.30
KNP P	Fl. 140	67	8.50	32	11.50	-	-	Fl. 138.30
NEDLLOYD C	Fl. 200	195	8.50	7	17	4	22	Fl. 202.70
NEDLLOYD P	Fl. 180	23	2	3	8.20	-	-	Fl. 202.70
NAT.NED. C	Fl. 60	236	2.30 A	452	3.50	24	5	Fl. 60.10
NAT.NED. P	Fl. 55	-	-	50	2	7	2.80	Fl. 60.10
PHILIPS C	Fl. 35	286	0.20	457	0.90	606	1.40	Fl. 30.40
PHILIPS P	Fl. 30	171	1.80	108	2.60	14	3.10	Fl. 30.40
ROYAL DUTCH C	Fl. 230	1906	3.70	849	6.40	171	7.80	Fl. 229.50
ROYAL DUTCH P	Fl. 230	275	5	614	14 A	1	16	Fl. 229.50
ROBECO C	Fl. 90	181	3.50	-	-	-	-	Fl. 92.20
UNILEVER C	Fl. 120	421	2.50	300	5.40	61	8	Fl. 117.60
UNILEVER P	Fl. 110	99	1.50	115	4.50 A	-	-	Fl. 117.60

TOTAL VOLUME IN CONTRACTS : 50,853

A=Ask B=Bid C=Call P=Put

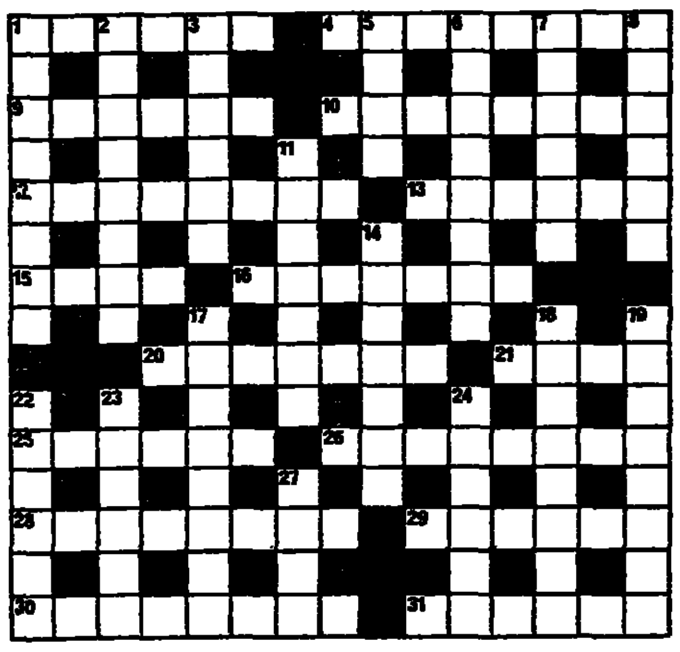
BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	City Merchants Bank	8½	NatWestminster	8½
AAB - Allied Arab Bk	9	Clydesdale Bank	8½	Northern Bank Ltd	8½
Allied Irish Bank	8½	Comm. Bk. N. East	8½	Norwich Gen. Trust	8½
Henry Ansbacher	8½	Consolidated Cred	8½	PK Finans. Intl(UK)	9
ANZ Banking Group	9	Co-operative Bank	*8½	Provincial Bank PLC	9½
Associates Cap Corp	10	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
Authority Bank	8½	Dunbar Bank PLC	8½	Roxburghe G'rantee	10
B & C Merchant Bank	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Banco de Bilbao	9½	Equatorial Bank plc	9	Royal Trust Bank	8½
Bank Hapoalim	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
Bank Leumi (UK)	9	Financial & Gen. Sec.	8½	Standard Chartered	8½
Bank Credit & Comm	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank of Cyprus	9	● Robert Fleming & Co.	8½	UDT Mortgage Exp	§10.2
Bank of Ireland	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank of India	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Scotland	8½	Grindlays Bank	9	Unity Trust Bank Plc	8½
Banque Belge Ltd	8½	● Guinness Mahon	8½	Western Trust	8½
Barclays Bank	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Benchmark Bank PLC	9	● Hambros Bank	8½	Whiteaway Laidlaw	9
Berliner Bank AG	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Brit. Bk of Mid East	8½	● Hill Samuel	§8½		
● Brown Shipley	8½	C. Hoare & Co.	8½		
Business Mtge Tst	9	Hongkong & Shangh	8½		
CL Bank Nederland	8½	Lloyds Bank	8½		
Central Capital	8½	Meghraj Bank Ltd	8½		
● Charterhouse Bank	8½	Midland Bank	8½		
		● Morgan Grenfell	8½		
		Mount Banking Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.625% - 10%

FT CROSSWORD No.6,587

SET BY VIXEN



ACROSS

1 The chief's old - keeping quiet (6)
4 Took a breath and cheered (8)
9 A fleshy-leaved plant or tree (6)
10 Sort of director who's not paid (8)
12 Business reverse? (8)
13 Being caught in the panic is unusual (6)
15 Mark's sound (4)
16 Moneyboxes for which many bids will be made (7)
20 Eastern characters can be quite serious-minded (7)
21 A beast given support (4)
25 Ordering more than one player off (6)
26 Credit with having the very best (8)
28 Wicked sketch about a scholar to be seen in Cambridge (3,5)
29 Parking a vehicle in the street, he's most expert (6)
30 Dwelling is rented possibly (8)
31 Funds for companies (6)

DOWN

1 It's quite fair wine - give voice about it (8)
2 22 down could make the silly sap angry (8)
3 Capital left over a fellow wanted (6)
5 A little manor most would consider average (4)
6 Personal attention - really basic (8)
7 They go round or up rocky heights (6)
8 A girl's make-up redone (6)
11 Tell tot to follow certain serving men (7)
14 Inferior duck, firm, with golden inside (2,1,4)
17 Denied earnings - assistance is needed (8)
18 Get up to present an old patriarch with some pictures (8)
19 Sea-going craft in which gifts are exchanged (8)
22 The character of the rent collector (6)
23 Break about a hundred with 22 down (6)
24 Declares the ship is carrying clothing (6)
27 Some beatniks' backs peel (4)

Solution to Puzzle No.6,586

P	H	R	Y	G	I	A	N	C	A	P		S	E	T
R		E		A		P		A		A		T		H
U	P	S	E	T		P	A	L	S	G	R	A	V	E
D		I		E		R		D		E		M		I
E	N	D	O	S	C	O	P	E		A	V	E	R	S
N		E				V		R		N		N		T
C	O	N	S	O	L	E		A	L	T	O			
E		T		R						R		A		R
			U	G	L	I		T	O	Y	N	B	E	E
S		C		A		N		E				N		D
T	R	A	I	N		S	U	M	P	T	U	O	U	S
A		R		I		U		P		U		R		T
B	R	A	S	S	E	R	I	E		R	U	M	B	A
L		F		E		E		R		L		A		R
E	V	E		R	E	D	G	A	U	N	T	L	E	T

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

هكذا من الأصل

هكتامنه الأصل

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6973/45

Scimitar G'nal Gth Ac	29.5	31.4	—	—
Do. Income	29.3	31.2	—	0.19
Scimitar European Acc	21.2	22.6	—	—
Do Income	21.2	22.6	—	0.11
Scimitar UK Eq Inc Acc	36.4	38.4	—	—
Do. Income	34.1	35.9	—	5.36
UK Cap Gth Acc	25.2	26.6	—	0.75
Scimitar Pac Basin Acc	29.8	31.8	—	—
Scimitar Mngd Exempt	141.6	147.6	—	—

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1651

Inuel Income Units	129.2	137.4	—	3.38
Intnl Accum Units	197.5	210.1	—	3.38
UK General Acc	38.9	41.8	-0.1	3.38
UK General Inc	37.3	40.1	—	3.38
American	28.0	29.9	—	2.13
European	35.4	37.9	+0.5	1.26
Japan	58.8	62.0	+0.3	0.05
Technology	35.5	38.0	+0.5	2.29
Performance Trusts				
Far East Perf Tst	19.2	20.5	+0.2	2.00
High Inc Perf Tst Inc	24.6	26.3	—	5.36
High Inc Perf Tst Acc	25.1	26.8	—	5.36
Worldwide Tact Perf Tst	28.7	30.7	—	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	216.3	231.4	+0.2	2.60
Columbus (US)	132.8	142.1	+0.3	1.28
Marco Polo (Pac)	217.5	232.7	+1.1	0.20
Da Vinci (Eur)	226.4	242.2	+2.7	2.95
Drake (Wrld)	53.8	57.6	+0.1	2.71

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	208.2	221.5	+0.3	2.52
UK Smllr. Cos. Equity	213.6	227.3	+0.7	1.95
UK Special Situations	62.1	66.1	+0.2	3.15
Income Plus	53.2	56.6	+0.1	5.59
European	162.2	172.5	-0.2	1.09
Far Eastern	54.4	57.9	+1.5	1.82
Japanese †	55.3	58.9	+0.4	
North American	114.7	122.1	—	1.34
International Growth	109.7	116.8	+0.6	1.32

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4955

TUUT Mar 1	212.5	225.7	—	3.22

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	150.3	161.7	+0.6	1.56

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3999

Convertible & General	60.5	64.1	+0.3	6.06
Accum Units	62.3	66.0	+0.4	—
Income	81.4	86.8	+0.1	4.30
Accum Units	81.9	86.8	+0.1	—
Smaller Co's	85.4	90.6	+0.3	1.85
Accum Units	86.3	91.5	+0.3	—
UK Growth	87.1	92.3	+0.1	2.19
Accum Units	88.2	93.5	+0.1	—
Pacific Gold Tst Acc	47.6	50.5	—	—

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	59.7	63.6	-0.6	1.68
Technical Analysis Fd	51.0	54.3	-0.2	3.34

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	183.7	195.4	—	1.56
Friars Hse Inc Fd	152.0	160.0	—	5.35

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7. 01-534 5544

United Charities	173.2	184.7	-0.1	4.61

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Gladiators	182.8	194.5	—	1.54
(Accum Units)	187.0	198.9	—	1.54
Far East. & Gen	55.3	58.8	+0.4	—
(Accum Units)	55.3	58.8	+0.4	—
Master Portfolio	67.513	69.242	+0.974	2.97
(Accum Units)	69.382	71.161	+1.002	2.97
American & Gen	55.9	60.5	+0.3	1.82
(Accum Units)	57.6	61.3	+0.2	1.82
Growth	215.4	229.1	+4.5	2.02
(Accum Units)	328.9	349.6	+6.9	2.02
High Yield	275.4	293.0	+4.0	4.17
(Accum Units)	295.4	314.2	+4.2	4.17

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	381.7	401.9	.....	–
Eb'r Ph. Eq.	341.0	362.5	+24.9	–

Pension Plan Funds
Phoenix

UK Equity Acc.	169.9	178.8	+0.3	–
International Acc.	129.3	136.1	+0.2	–
Property Acc.	125.6	132.2	.....	–
Fixed Interest Acc.	155.0	163.1	-0.7	–
Money Acc.	137.3	144.5	.....	–
Bldg. Soc. Link Acc.	134.5	141.5	.....	–
Special Mngd. Acc. Q	149.2	157.0	.....	–

Phoenix/Framlington

Intl. Growth Acc.	89.6	94.3	+1.8	–
Amer. & Gen. Acc.	82.1	86.4	+1.7	–
Capital Tst. Acc.	176.3	185.5	+0.9	–
Japan & Gen Acc.	182.0	191.5	+3.3	–
American Turn. Acc.	85.2	89.6	+2.2	–
Recovery Tst. Acc.	172.8	181.8	+2.3	–
Special Mngd Acc.	144.7	152.3	+1.5	–

Phoenix/GT

International Acc.	121.7	128.1	+1.6	–
US & General Acc.	90.5	95.2	+1.6	–
Amer Spec Sits Acc.	65.5	68.9	+0.8	–
Japan & General Acc.	176.0	185.2	+2.4	–
Far East & Gen. Acc.	139.6	146.9	+2.6	–
UK Capital Acc.	175.2	184.4	-1.9	–
European Acc.	133.2	140.2	+0.8	–
Special Mngd. Acc.	126.8	133.4	+1.5	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	268.6	282.8	.....	–
Man Pens Int & Cap Fds.	344.6	362.8	.....	–
Money Fund	111.6	117.5	.....	–
Pens Mngd Fd (Inc).	85.9	90.5	.....	–
Pens Mngd Fd (Acc)	96.8	101.9	.....	–
Pens FT30 Fd (Inc)	130.5	137.4	.....	–
Pens FT30 Fd (Acc)	147.1	154.9	.....	–
Pens O'seas MgFd(Inc)	55.7	58.7	.....	–
Pens O'seas MgFd(Acc)	62.8	66.2	.....	–
Pens Fxd Int Fd (Inc)	105.9	111.5	.....	–
Pens Fxd Int Fd (Acc)	119.4	125.7	.....	–
Pens Deposit Fd (Inc)	101.0	106.4	.....	–
Pens Deposit Fd (Acc)	113.7	119.7	.....	–

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

American	86.0	91.0	-3.0	–
Building Soc. Fd.	159.0	168.0	.....	–
Balanced	236.0	249.0	+1.0	–
Deposit	159.0	168.0	.....	–
European	121.0	128.0	+1.0	–
[illegible]				

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Mar 16	198.3	208.6	.....

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	442.8	466.2	+3.9
Equity Fd.	906.6	954.4	+10.9
Int'l Fd	308.1	324.4	+4.0
Fixed Int. Fd.	364.6	383.8	-2.3
Prop Fd.	314.3	330.9	+0.1
Cash Fd.	235.0	247.4	+0.1
Pacific Basin Fd.	170.4	179.4	+2.4
North American Fd.	127.3	134.0	+1.6
European Fd.	190.9	197.8	+0.8
Holborn Balanced Gwth Fd	100.9	106.3	.....
Holborn Strategic Gwth Fd	100.1	105.4	+0.7

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	473.0	497.9	+0.2
Equity	681.4	717.3	+1.8
Global Equity	197.1	207.5	+1.0
Fixed Interest	375.3	395.1	-1.5
Property	307.8	324.1	+0.1
Cash	138.4	145.7	+0.1
Index Linked Gilt	163.9	172.6	-0.4
Guaranteed	8.68	–	.....
International Money	182.8	192.5	+0.3
North American Fd.	56.6	59.6	+0.6
Japanese Fund	122.2	128.7	+1.0
European Fund	69.2	72.9	+0.7
Special Situations Fd.	97.5	102.7	+3.1
Communications Fund	81.0	85.3	+0.6
Smaller Cos Fund	100.0	105.3	-0.6

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Mar 16	£124.80	128.37	.....
Equity Fund Mar 16	£135.63	139.71	.....
Intntl Fund Mar 16	£20.02	20.68	.....
Intl Bond Fd Mar 16	£10.60	10.75	.....
Fixed Int. Mar 16	£68.57	69.47	.....
Index Linked Mar 16.	£51.86	52.49	.....
Property Fund Mar 16	£79.52	84.21	.....
Cash Fund Mar 16	£18.33	18.33	.....

Pre-Linked Retirement Plan

Managed Fd Mar 16	314.7	327.9	.....
Cash Fund Mar 16	173.6	180.9	.....

Prudential Pensions Investment Account

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¼	99⅞	Exch 10½pc '88	100⅜	.....	10.47	8.40
101⅞	98⅞	Treas 9¾pc Cv '88	100⅜	–1/16	9.73	8.50
98⅞	93¾	Transport 3pc '78-88	98⅞	.....	3.03	6.65
101⅝	98⅞	Treas. 9½pc '88	100⅜xd	.....	9.46	8.73
105⅞	101⅝	Treas 11½pc 1989	102¼	–1/32	11.23	8.72
102⅞	97⅞	Treas 9½pc Cnv 1989	100⅞xd	.....	9.42	8.68
96⅞	89¼	Treas 3pc 1989	96⅛	.....	3.12	6.62
104¼	99⅞	Treas 10½pc 1989	101⅞	+1/16	10.31	8.82
103⅞	98½	Exch 10pc 1989	101⅞	+1/16	9.85	8.80
105¼	100⅞	Exch 11pc 1989	103⅛xd	+1/16	10.67	8.78
96⅞	89⅞	Treas 5pc 1986-89	96⅛xd	.....	5.20	7.66
108⅞	99⅞	Exch 10¼pcCv '89	103⅞	–⅛	9.88	7.74
111⅞	104⅞	Treas 13pc 1990‡‡	106⅞	–⅛	12.17	8.84
106½	100⅞	Exch 11pc 1990‡‡	103⅞	–⅛	10.62	8.87
110⅞	103⅞	Exch. 12½pc 1990	106⅞xd	–⅛	11.75	8.93
92⅞	84½	Treas. 3pc 1990	92⅛	.....	3.26	7.05
100⅞	93⅞	Treas 8¼pc 1987-90‡‡	99	.....	8.33	8.74
102¼	96	Treas. 8pc Cr 1990	100½	–⅛	7.95	7.70
105	97½	Treas. 10pcCv 1990	102⅞xd	.....	9.77	8.97
91⅞	81⅞	Exch 2½pc 1990	89⅞	–1/16	2.79	6.84
110½	102⅞	Treas 11¾pc 1991	106⅛	–⅛	11.01	8.98
95⅞	87¼	Funding 5¾pc '87-91‡‡	93⅞xd	–⅛	6.13	8.11
90⅞	80¼	Treas. 3pc 1991	88⅛	–⅛	3.39	7.17
110½	98½	Treas 10pc Cr '91‡‡	104⅛	–⅛	9.60	8.54
109¼	101⅞	Exch. 11pc 1991	105⅞xd	–⅛	11.37	8.98
99	91⅞	Treas. 8pc 1991	97⅛	–⅛	8.23	8.89
116⅞	107⅞	Treas 12¾pc 1992‡‡	111⅞	–⅛	11.41	9.05
106⅞	97⅞	Treas 10pc 1992	103⅛	–⅛	9.70	9.02
99½	90⅞	Treas. 8pc 1992‡‡	96⅞xd	–⅛	8.26	8.95
108⅞	99½	Treas 10½pc Cr 1992‡‡	104¾	–⅛	10.03	9.09
86⅞	79⅞	Treas. 3pc 1992	84⅞	–⅛	3.55	7.29
115⅞	105⅞	Exch. 12¼pc '92	111⅞	–⅛	11.02	9.13
121⅞	110⅞	Exch 13½pc 1992	115⅞xd	–⅛	11.67	9.16

Five to Fifteen Years

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
107⅞	97⅞	Treas 10pc 1993‡‡	103⅞xd	.....	9.67	9.13
118⅞	107½	Treas 12½pc 1993‡‡	113⅞	.....	11.00	9.18
95⅞	82¼	Funding 6pc 1993‡‡	91⅞	+1/16	6.57	7.98
125⅞	113¼	Treas 13¾pc 1993‡‡	119⅞	–⅛	11.59	9.29
50½	50	Treas 8½pc 1994 (50pd)	58⅛	–⅛	8.76	9.16
129⅞	117½	Treas 14½pc 1994‡‡	123⅞	–⅛	11.74	9.26
124⅞	112⅞	Exch 13½pc 1994	119xd	.....	11.35	9.34
107½	97⅞	Treas. 10pc Ln. 1994‡‡	103⅞	–⅛	9.64	9.19
120⅞	106⅞	Exch. 12½pc 1994	114⅞	–⅛	10.88	9.35
103¼	92⅞	Treas 9pc 1994‡‡	99⅞	–⅛	9.05	9.10
118¼	105⅞	Treas 12pc 1995	113⅞	–⅛	10.61	9.36

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1987/88 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
44½	21⅝	Sun Co. Inc. $1	31		$3.00	—	5.1
42¾	22⅝	TRW Inc. 62½c	28	+½	h$1.60	—	3.0
37½	21	Tenneco $5	24	+⅛	$3.04	—	6.9
220	149½	Do. 10pcLn.Stk. 91-5	155		10%	—	64.7
29⅛	15⅝	Texaco $6.25	24⅝	+⅛	$3.00	—	6.7
74	36	Time Inc. $1	50⅝		$1.00	—	1.1
30¾	15	Transamerica $1	19		$1.84	—	5.1
14⅞	1¼	Transworld Corp $5	10		20c	—	1.1
27⅞	12¼	TRINOVA Corp	19	+⅛	56c	—	1.6
24	12⅝	USX $1	17⅝	+¼	$1.20	—	3.8
37⅞	16⅞	Utd. Technologies	23	+⅛	$1.40	—	3.3
38⅝	25⅞	US West	29¼	−⅛	$3.28	—	6.1
30½	17⅞	Waste Management $1	20⅞	−¼	36c	—	1.0
31⅞	11⅞	Whirlpool $1	15	−⅛		—	—
37⅞	16½	Woolworth $3½	24¼	−¼	$1.32	—	2.8

CANADIANS

1987/88 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	215p	ABM Gold Corp	218			—	—
32p	10p	Abbot Energy Corp	25¾			—	—
18¼	506p	Amer. Barrick Res.	11⅞			—	—
141p	3½p	American Lightwave	4¼	+¼		—	—
122p	25p	Armeno	36p	−7		—	—
117p	39½p	Augmitto Explo.	52½			—	—
19⅞	10⅝	Bk. Montreal	11⅞	−⅛	$2.00	—	7.4
10½	488p	Bk. Nova Scot.	586p	−5	72c	—	5.4
20⅝	15	BCE	16⅞		$2.44	—	6.4
[illegible]	511p	Bow Valley	682p	−17	40c	—	2.9

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£22¼	£12¾	Torchmark $1.00	£16⅞	.....	Q$1.00	–	3.3	–
410	235	Trade Indemnity	378	+3	14.3	–	1.6	–
£34	£17¼	Travelers $1.25	£20⅜	+⅛	$2.40	–	6.5	–
£30¼	£15¼	USF & G Corp $2.50	£18¾	.....	Q$2.64	–	7.9	–
£33⅞	£15¼	USLIFE Corp. $1.0	£20¼	+¼	Q$1.28	3.2	3.5	9.0
738	495	Utd Friendly B 10p	555		21.0	–	5.2	–
464	192	Willis Faber 12½p	212	–1	†10.75	2.4	6.9	8.1
128	41	Windsor Secs. 10p	60	.....	0.8	φ	1.8	φ

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	9	A & M Group 10p	18	.....	–	–	–	–
242	77	Airtours 10p	105	.....	Ld5.4	1.6	7.2	12.2
*349	253	Anglia TV	407	–2	14.5	φ	4.9	φ
141	62	Avesco 1p	91	+1	0.5	6.7	0.8	25.7
72	37	BCE Hldgs 5p	38	.....	Ld1.0	2.7	3.6	14.2
300	192	Barr & W.A.T. 'A'	230	+2	18.0	1.4	4.8	18.7
70	20	Bond Media	24	+1	–	–	–	–
235	165	Boosey & Hawkes	220	–1	–	–	–	–
83	28	Border T.V.	41	.....	†1.4	2.4	4.7	11.9
*439	43½	Brent Walker 10p	300	+1	†9.5	2.2	3.6	18.3
124	79	Do 6pc Cv.Cm.Rd.Pf.	111	–1	6.0	–	7.4	–
*338	110	Campari Int. 20p	292	–10	†3.0	5.1	1.4	15.0
306	152	Castle Comms. 5p	195	.....	L7.0	2.0	5.1	13.6
211	127	Capital Radio 10p	198	.....	6.0	2.7	4.3	11.8
684	370	Central TV	531	.....	†17.0	2.3	4.4	13.8
274	111	Chrysalis	125	.....	7.0	1.9	7.7	9.3
101	33	Cityvision 5p	67	–1	0.5	φ	1.0	φ
*68	12	Entertain Prod 5p	17½	–½	–	–	–	–
443	205	FairIine Boats 10p	295	+3	9.0	4.7	3.1	9.3
172½	103½	First Leisure	149	.....	2.34	3.2	2.2	19.8
132½	39	Grampian TVA 10p	49	.....	2.3	3.4	6.4	6.3
78	26	Greenwich Comm.	31	.....	–	–	–	–
391	202	HTV Ord.	239xd	–½	19.5	3.8	5.6	6.5

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr
*138½	84	Do. 6.3pcCnvPrf£1	100	.....	6.3%	–
375	137½	St Ives 10p	223	.....	h1.92	5.9
£26¾	£16¼	Scott Paper	£21⅛	+½	Q$1.40	–
*795	295	Shandwick 2p	580xa	+5	†65.5	5.2
89	40	Shelton (Martin) 10p	61	.....	tu1.75	2.3
405	248	Smith (David S.) 20p	305	.....	†5.25	4.4
650	270	Smurfit (Jefferson J.)	487	+12	†22.25	4.7
126	73	Space Planning Serv.	93	.....	†1.8	3.3
98	22	Stanco Exhibition 5p	37	+1	†0.29	4.0
156	85	Sterling Pub. 5p	98	.....	2.2	2.3
245	115	TMD Advertising	167	.....	2.4	4.9
96	33	Thorpac Group 2½p	40	–1	1.27	2.1
333	199	Usher Walter 10p	315	–3	†8.05	2.4
548	134	VPI Group 5p	390	–4	2.25	6.9
*391	168	WCRS Group 5p	262	.....	†3.13	4.3
*811½	303	WPP Group 10p	532	–23	6.4	φ
*360	59	Wace Group 20p	237	+7	†2.5	4.9
*344	158	Waddington (J.)	178	.....	†6.0	2.2
575	252½	Watmoughs	418xd	+6½	8.25	φ
96	20	Wembley Catering 5p	43	.....	t40.26	–
358	169	Wiley Mackay-Lackie 10p	220	.....	14.3	2.5
287	133	Yellowhammer 5p	161	.....	†2.1	4.6

PROPERTY

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr
*129	70	Allied London 10p	116	+1	2.1	3.3
108	82	Do. 5¼pc Cnv Red Pref	100	.....	5¼%	–
*306	108	Arlington Sec 10p	282xd	+1	†g2.2	4.1
169	68	Asda Property 20p	151	+1	g40.7	4.2
132	89	Do 5¼pc.CnvCnl.Pf.	117	+1	5¼%	–
213	65	BDA Hldgs. 10p	95	+5	t2.5	3.7
415	183	BakerHarrisSaunders10p	240	.....	L4.0	3.5
185	38	Barlows 10p	88	+2	1.88	–
300	80	Berkeley & Hay Hill 5p	129	–1	1.25	φ

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
Option			
First Dealings	Declarations	Last Dealings	Account Day
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3

New time dealings may take place from 9.00 am two business days earlier.

Equities follow Wall Street down in disappointing trade and Gilts also close lower

UK SECURITY MARKETS sought a guide yesterday as Friday's hopes of a more positive response to last week's Budget and other domestic pointers came to nothing. The major institutions, with the weekend to consider their investment decisions, appeared to give the Budget the thumbs-down and trade fell away to recent low levels.

For the equity market this was acutely disappointing. The start of the extended trading Account covering the Easter holiday was expected to boost sentiment, encouraging private investors certainly and, more hopefully, tempt some UK fund managers back into the marketplace.

Sterling's resumed firmness against the dollar and the mark was a deterrent to equity investment. The pound edged closer to DM3.10, a level described by a leading trader as "an important psychological watershed", raising speculation of a further cut in base rates, but likewise dampening enthusiasm on both domestic and overseas account for international stocks.

Although spirits were generally low, neither shares nor bonds suffered any real damage until Wall Street reopened for business – Tokyo markets were closed Monday for a Japanese national holiday (Spring Equinox).

After overcoming Friday's much-publicised "triple witching hour", US markets retreated ahead of this week's plethora of economic and financial numbers. These began yesterday with the US Federal Budget for February, announced at 7 pm London time.

As the Dow Jones index dipped, the London market showed nervousness and the fall in the FT-SE index was doubled. Although little selling pressure developed, the "footsie" index closed near the session's lowest, showing a loss of 14.4 at 1841.1. Blue chip and other quality shares were affected most, some in front of trading statements due later this week. BAT Industries, Guinness and Peninsular & Oriental Steam (P & O) all report over the next few days.

With so few clues available on the near trend, exemplified by the erratic behaviour of "footsie" futures, which swung between a premium and a discount then finally back to a small premium, marketmakers attempted to maintain square book positions or err on the side of short commitments.

Government stocks experienced a similar lack of interest. Domestic retail investors showed no urgency to fund, staying with the economy overheating theory, while foreign buyers held fire, possibly awaiting further developments in sterling. County NatWest advise that the market could stick in a tight range, still digesting the Budget and pondering the likely volatility in short rates, following the resumption of exchange rate targetry.

A leading Gilt-edged trader commented around midday "if this level of trade continues, we will, no doubt, return to bond watching". His words soon came true and long gilts drifted back when the US bond market, sharply easier late on Friday, extended the movement. Technical covering prevented too large a reaction and longer Gilts finally steadied to end half-point down in places.

BP were actively traded, although there was no sign of heavy buying activity by the Kuwaitis. US support triggered by the recent US "roadshow" – expected soon in the UK – and a sharp rise in crude oil prices were said to have been responsible for the turnover in BP, although much of this was accounted for by "switching" out of the "old" and into the "new". BZW recommended clients to switch, as did a couple of US houses.

At the close BP "old" were 1½ off at 279p on turnover of 2.7m while the "new" gave up a like amount to 79½p on volume of 5.4m.

TSB's venture with Saga Holidays to jointly market their financial and travel services triggered a wave of strong interest in TSB shares where turnover topped the 6.8m; the share price held at 110p.

Royal Bank of Scotland came under pressure and dropped 9 to 363p after it confirmed it was involved in discussions with Citizens Financial Group, one of the US's leading regional banks and based in Rhode Island, which could lead to an offer within six or seven weeks. The US bank would cost Royal Bank at least $370m(£200m) according to reports. But analysts were happy about the probable link-up which was generally regarded as "a sensible acquisition without third world debts", according to one. At least two leading UK securities houses were "happy" to pick up Royal Bank stock which they described as "still cheap".

Life assurance group Prudential managed a minor gain at 881p in the wake of a "buy" recommendation from BZW, the securities house, who say today's preliminary figures should show a 20 per cent increase in earnings and a 19 per cent dividend hike. Morgan Grenfell are going for attributable profits of £149m.

Composite insurances showed Guardian Royal Exchange down 14 at 924p and unsettled by stories of a possible profits downgrading; Wood Mackenzie, part of County NatWest, are forecasting pre-tax profits, due on March 29, of £172m compared with last time's £143.8m.

Insurance brokers included two firm features in Dewey Warren, the Holmes à Court vehicle, which added 8 at 128p, and Derek Bryant which rallied strongly to close 10 higher at 101p.

Breweries passed a rather drab trading session with quotations inclined easier in places. Guinness, scheduled to announce annual figures on Thursday, drifted off to close 7 cheaper at 315p; Morgan Grenfell, the securities house, is forecasting profits of £400m compared with £314m last year.

Leading Building stocks gave a steady performance, helped by highly satisfactory preliminary results from cement major Rugby. The latter's shares closed 6 higher at 268p after revealing profits vying with best market estimates. Other Building Material issues closed virtually unchanged, but contracting group AMEC were in demand at 375p, up 8, owing to a squeeze on traders' short book positions.

Costain, in which Trafalgar House recently increased its holding to 6.5 per cent, were steady at 327p reflecting good figures from its Australian subsidiary. Elsewhere, Bellway met with renewed support and rose 5 to 253p, while Berkeley Group gained 9 more to 384p in a restricted market. Higgs and Hill, reporting shortly, moved up 8 to 358p and Wiggins were a similar amount higher at 204p. F. Copson attracted buyers following a broker's lunch and rose 25 to 150p.

ICI were neglected and eased some 13 pence to 1045p but floor coverings group James Halstead replied strongly to increased half-year profits with a rise of 8 to 253p.

Marks and Spencer attracted the biggest turnover in a quiet stores sector with 4.5m shares changing hands, including two separate trades of 1m-plus; the share price eased a shade to 178p after comment on the proposed expansion in the US. Burton Group hardened to 261p ahead of today's interims which are expected to show a substantial increase on last time's £92.3m; Morgan Grenfell are forecasting £109m, County £108.5m, and BZW £109.5m. Woolworth, due to announce preliminary figures on Wednesday, slipped 5 to 299p; estimates of pre-tax profits range from Morgan Grenfell's £137m forecast to BZW's £144m. County are going for £140m and Pru-Bache £138m. The comparable Woolworth figure was £109.1m.

Sears, turnover 2.3m, moved up further to close 21½ better at 139p and WH Smith "A" rose 5 to 305p but a BZW "sell" recommendation continued to unsettle Next which dipped 5 more to 291p. Underwoods initially touched 147p after Press comment suggesting possible bid developments but later retreated to close little changed at 141p.

The electricals and electronics sector suffered along with much of the rest of the market from a general lack of interest – "apart from a handful of situations we could have shut up shop today" a top dealer said.

Cable & Wireless provided much of the action in the leaders as whispers of an imminent bearish circular from a top UK securities house triggered persistent selling which left the stock a net 12 off at 335p; turnover was just short of 5m shares.

Plessey slipped a few pence to 156½p on turnover of 2.3m; the egm to approve the telecoms merger with GEC is scheduled for Friday.

Worries about the move by Italian group Olivetti to compete directly with Amstrad at the low-cost end of the personal computer market caused a flurry of selling in Amstrad which settled 2 off at 167p after turnover of 2.7m.

Howden featured a gain of 8 to 125p, after 130p, in response to the Weir Group acquisition of an 8.75 per cent stake in the company. Elsewhere in the Engineering sector, trading statements left W.A.Tyzack a couple of pence firmer at 115p and Linread 3 harder at 136p, while acquisition news prompted a rise of 7 to 240p in Manganese Bronze. Rolls-Royce, scheduled to reveal preliminary figures on Thursday, were one of the more actively traded stocks (around 2.2m shares changed hands) and closed 2 lower on the day at 127p.

Foods put up a resilient performance, with leading shares edging forward in light trading. Booker touched 410p on satisfactory preliminary figures prior to closing 7 lower at 402p, but S. & W. Berisford edged forward 3 to 308p. Takeover favourite Fitch Lovell revived with a gain of 6 to 278p, while Bernard Matthews added a penny at 83p awaiting tomorrow's annual results. Glass Glover, sharply higher last week following a bid approach, eased 10 to 240p pending developments.

Trusthouse Forte were steady at 249p; a trade of 270,000 shares was inadvertently reported through the SEAQ system as 2.7m shares.

International stocks traded on an extremely subdued note, activity being dampened by firmness in sterling and by the initial setback on Wall Street. Glaxo drifted back to close 21 lower at 1081p and Beecham eased 6 to 470p while Pilkington settled 5 cheaper at 220p.

Other US favourites to give ground included Reuters B, 5 cheaper at 538p, and Rank Organisation, 9 lower at 710p. Pearson, in contrast, came to life ahead of the preliminary figures, scheduled for next Monday, and closed 11 to the good at 668p, after 672p. Unsettled recently by the change in company car tax, Keep Trust rallied further to close 9 better at 401p. Suter gained 3 to 170p in response to preliminary figures and, also reflecting trading statements, Unigroup closed 6 firmer at 58p and Spring Ram a shade dearer at 191p. A flurry of speculative interest left Bodycote 12 to the good at 274p, while USM-listed GC Flooring and Furnishings moved up 7 to 80p awaiting today's interim figures.

In the Leisure sector, Tottenham Hotspur replied to the interim figures with a gain of 7 at 115p, but Spectrum failed to respond the the return to profitability and closed unchanged at 50p.

A sluggish Motor sector showed Lucas Industries a shade dearer at 630p awaiting Thursday's half-yearly figures. Elsewhere, Kwik-Fit firmed 4 to 194p following the full-year results and proposed scrip issue, while Evans Halshaw gained 25 to 293p reflecting the 80 per cent increase in preliminary profits.

WPP ran into selling and closed 25 lower at 532p in the wake of news of the resignations of six top executives from Lord Geller, Federico, Einstein, the Manhattan advertising company, acquired last year.

Great Portland Estates gave up 5 to 309p, despite favourable Press comment, but Peachey added 3 to 412p following the increased an final offer worth 260p per share, (£63.4m) for Estates Property Investment (EPIC); the latter closed 12 higher at 262p. Newsletter comment prompted fresh support for Helical Bar, up 6 at 311p, after 320p, while demand in a restricted market lifted Kentish Properties 13 to 128p. Regalian revived with a gain of 7 to 170p

John Crowther remained in the limelight in the wake of the recent bid approach and moved ahead further to close 10 higher at 185p making a two-day gain of 42. Coats Viyella or Coloroll were being put forward as possible suitors for the company. Textiles were also featured by a jump of 15 to 273p in Hugh Mackay in response to the good preliminary figures.

News of the offer for Framlington, up 4 at 170p, after touching 176p, from Throgmorton Trust enlivened occasional demand for other fund management groups. Henderson Administration advanced 10 to 665p and Tyndall 8 to 131p. Elsewhere in Financials, Centreway Trust were noteworthy for a rise of 12 at 182p following a press suggestion that the company may be a possible vehicle for Asil Nadir's travel interests.

Tor Investment Trust Capital advanced 10 to 695p in response to the announcement that Abbey Life has acquired 20.63 per cent of the total issued capital shares.

Traded Option dealers reported a quiet session, the total number of contracts falling from Friday's 43,327 to 18,268. Calls amounted to 11,567 puts came out at 6,721. Cons Gold continued to attract a relatively lively business with calls at 1,641 and puts at 75. The FTSE contract attracted 557 calls and 1,256 puts.

Traditional Options

- First dealings Mar 14
- Last dealings Mar 25
- Last declarations June 16
- For Settlement June 27

For rate indications see end of London Share Service

A fairly brisk business developed in the Traditional option market. Stocks favoured for the call included Owners Abroad, Premier Consolidated, Regentcrest, Sheraton Securities, Albert Fisher, British Petroleum partly-paid, Blacks Leisure, Coloroll, Bejam, Eagle Trust, Inoco, Elswick, Helical Bar, Delta Group, North Kalgurli, Racal, Acorn Securities and London Investment Trust. Puts were arranged in Kentish Property and Cowan de Groot, while double options were transacted in Premier Consolidated and Eurotunnel.

FINANCIAL TIMES STOCK INDICES

	Mar. 21	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.14	90.30	90.51	90.53	91.03	92.19	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.26	97.49	97.68	97.57	97.47	97.52	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1462.7	1476.8	1459.1	1455.9	1470.4	1611.5	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	242.3	240.9	244.2	246.8	243.0	367.4	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.44	4.38	4.44	4.45	4.41	3.64				
Earnings Yld. % (full)	11.29	11.18	11.31	11.33	11.23	8.41				
P/E Ratio (net)(*)	10.80	10.91	10.78	10.76	10.86	14.59				
SEAQ Bargains (5pm)	31,558	40,559	31,986	30,600	27,409	57,177				
Equity Turnover (£m)	-	1357.74	1127.39	1166.81	897.49	1445.81				
Equity Bargains	-	44,708	35,514	31,626	31,867	68,020				
Shares Traded (ml)	-	600.2	472.0	499.1	390.6	593.7				

S.E ACTIVITY

Indices	Mar.18	Mar.17
Gilt Edged Bargains	139.3	157.0
Equity Bargains	290.0	230.1
Equity Value	2744.3	2278.7
5-Day average		
Gilt Edged Bargains	145.3	141.2
Equity Bargains	227.0	213.5
Equity Value	2274.4	2413.7

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1469.5	1469.4	1466.6	1467.1	1466.4	1466.6	1462.9	1463.3

Day's High 1472.1 Day's low 1462.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.68.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

[illegible]

Figures for the London Traded Options table were not available for this edition.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Mar 21 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Mar 18 Index No.	Thu Mar 17 Index No.	Wed Mar 16 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	771.79	-0.9	9.72	3.88	12.92	2.09	778.80	766.91	766.40	872.06
2	Building Materials (30)	1041.19	-0.8	9.55	3.64	13.05	0.85	1049.17	1025.03	1030.10	1071.03
3	Contracting, Construction (34)	1616.82	—	8.81	3.14	15.07	3.62	1617.79	1593.09	1587.82	1477.97
4	Electricals (11)	2875.43	-0.6	9.93	4.80	12.74	1.20	2888.05	2869.57	2866.02	2097.94
5	Electronics (32)	1531.23	-1.1	10.79	3.57	12.00	8.21	1547.06	1529.01	1530.02	1901.60
6	Mechanical Engineering (58)	400.78	-0.6	9.64	4.23	13.07	0.96	403.36	399.74	399.20	404.93
8	Metals and Metal Forming (7)	469.19	-1.1	9.14	3.83	13.20	0.00	474.21	463.77	464.45	465.16
9	Motors (13)	283.12	-1.6	11.17	4.23	10.51	0.71	287.80	282.87	282.87	332.03
10	Other Industrial Materials (24)	1280.63	-1.5	8.86	4.28	13.51	4.58	1299.50	1277.15	1269.74	1485.19
21	CONSUMER GROUP (185)	1081.96	-0.7	8.38	3.48	15.20	2.68	1089.38	1078.06	1077.86	1190.43
22	Brewers and Distillers (21)	1084.10	-0.9	10.21	3.63	12.37	4.24	1093.86	1083.60	1083.76	1097.29
25	Food Manufacturing (23)	850.08	-1.0	9.44	4.02	13.54	2.38	858.80	846.04	843.14	898.08
26	Food Retailing (16)	2144.77	-0.5	7.49	2.98	17.97	7.15	2156.41	2135.71	2123.86	2201.37
27	Health and Household Products (10)	1873.58	-1.2	6.48	2.56	18.26	0.45	1896.48	1882.75	1899.05	2300.63
29	Leisure (31)	1305.35	-0.4	7.53	3.67	17.00	9.10	1310.60	1288.95	1279.76	1269.31
31	Packaging & Paper (16)	516.05	-0.5	8.10	3.63	16.00	0.46	518.61	513.09	513.66	607.25
32	Publishing & Printing (16)	3616.29	—	6.32	4.12	19.09	4.21	3618.41	3568.21	3564.35	3613.71
34	Stores (34)	851.76	-0.4	8.95	3.61	14.98	1.41	855.12	850.33	851.64	1015.73
35	Textiles (18)	586.98	+0.1	11.79	4.25	9.75	0.19	586.22	575.58	573.62	700.41
40	OTHER GROUPS (93)	906.34	-0.7	10.46	4.15	11.91	3.64	912.74	902.21	897.42	987.06
41	Agencies (19)	1203.60	-1.3	6.72	2.19	19.19	4.36	1219.02	1183.71	1179.25	1399.31
42	Chemicals (20)	1040.81	-0.8	11.52	4.74	10.63	18.00	1048.06	1040.52	1031.25	1236.11
43	Conglomerates (14)	1199.13	-0.5	9.54	4.40	12.21	3.14	1205.18	1187.14	1189.45	1270.47
45	Shipping and Transport (12)	1955.07	-0.4	8.69	4.22	15.04	0.00	1963.36	1947.79	1949.62	1970.13
47	Telephone Networks (2)	987.43	-1.1	10.90	4.29	12.21	0.00	998.54	987.46	976.94	1010.75
48	Miscellaneous (26)	1207.01	—	12.65	3.98	9.41	0.54	1207.16	1199.05	1194.66	1359.32
49	INDUSTRIAL GROUP (487)	964.56	-0.7	9.30	3.76	13.55	2.85	971.78	960.16	958.51	1069.04
51	Oil & Gas (13)	1864.56	-0.1	9.40	5.59	13.24	36.27	1866.63	1819.57	1823.43	1850.50
59	500 SHARE INDEX (500)	1040.57	-0.7	9.31	4.05	13.51	5.63	1047.40	1032.88	1031.67	1135.04
61	FINANCIAL GROUP (122)	685.19	-0.4	-	4.77	-	6.76	688.20	680.71	680.79	692.18
62	Banks (8)	667.72	-0.5	22.73	6.10	5.92	15.42	671.19	662.14	666.32	731.04
65	Insurance (Life) (8)	1023.73	-0.7	-	4.62	-	0.00	1031.34	1015.13	1017.47	1002.09
66	Insurance (Composite) (7)	537.94	-1.0	-	5.44	-	5.78	543.38	539.15	535.74	537.52
67	Insurance (Brokers) (7)	856.47	-0.2	14.07	7.54	9.05	16.28	858.00	850.71	851.00	1172.40
68	Merchant Banks (11)	357.67	-0.7	-	3.99	-	0.02	360.29	358.92	360.50	384.89
69	Property (51)	1133.08	+0.1	4.83	2.74	26.48	1.23	1132.29	1121.51	1114.63	924.91
70	Other Financial (30)	400.82	—	9.66	4.26	13.01	2.05	400.63	397.13	397.55	457.00
71	Investment Trusts (82)	887.23	-0.5	-	2.94	-	3.71	891.36	878.87	875.63	984.08
81	Mining Finance (2)	469.75	-0.6	9.60	3.66	11.64	2.01	472.43	459.65	442.54	385.70
91	Overseas Traders (8)	1030.13	—	9.95	5.25	11.91	14.64	1030.02	1026.16	1019.90	894.62
99	ALL-SHARE INDEX (714)	945.70	-0.6	-	4.11	-	5.78	951.46	938.36	937.12	1014.73

	Index No.	Day's Change	Day's High	Day's Low	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Year ago
FT-SE 100 SHARE INDEX ♦	1841.1	-14.4	1853.0	1842.0	1855.5	1828.1	1825.7	1839.9	1819.5	2003.0

FIXED INTEREST

	PRICE INDICES	Mon Mar 21	Day's change %	Fri Mar 18	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.90	-0.04	123.77	0.82	3.19
2	5-15 years	141.41	-0.21	141.99	0.29	2.68
3	Over 15 years	149.49	-0.28	150.34	0.43	4.16
4	Irredeemables	168.32	+0.02	168.28	-	1.54
5	All stocks	137.66	-0.16	138.38	0.49	3.05
	Index-Linked					
6	5 years	124.30	—	124.29	-	0.51
7	Over 5 years	117.28	-0.16	117.47	-	0.88
8	All stocks	117.69	-0.15	117.87	-	0.85
9	Debentures & Loans	119.34	-0.45	120.02	0.15	1.78
10	Preference	88.36	-0.02	89.04	0.66	1.39

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 21	Fri Mar 18	Year ago (approx.)
	British Government				
1	Low	5 years	8.69	8.64	7.97
2	Coupons	15 years	9.13	9.08	8.66
3		25 years	8.99	8.96	8.67
4	Medium	5 years	9.17	9.13	8.62
5	Coupons	15 years	9.31	9.27	8.85
6		25 years	9.14	9.13	8.87
7	High	5 years	9.26	9.23	8.79
8	Coupons	15 years	9.45	9.41	8.98
9		25 years	9.20	9.17	8.86
10	Irredeemables		8.97	8.94	8.76
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.64	2.64	2.52
12	Inflation rate 5%	Over 5 yrs.	3.85	3.83	3.33
13	Inflation rate 10%	5 yrs.	1.75	1.74	0.97
14	Inflation rate 10%	Over 5 yrs.	3.70	3.68	3.39
15	Debs &	5 years	10.86	10.77	9.50
16	Loans	15 years	10.74	10.64	9.79
17		25 years	10.74	10.64	9.84
18	Preference		10.47	10.45	10.69

♦Opening index 1848.5; 10 am 1849.5; 11 am 1847.0; Noon 1848.4; 1 pm 1847.3; 2 pm 1847.0; 3 pm 1842.0; 3.30 pm 1842.3; 4 pm 1841.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,100	Enterprise Oil	358	Prudential	579
Allied-Lyons	1,600	Fisons	457	Racal	2,300
Amstrad	2,700	General Accident	148	Rank Org.	734
Argyll Group	243	General Elect.	1,800	RMC	283
Assoc. Brit. Foods	170	Glaxo	424	RHM	355
BAA	2,700	Globe Investment	119	Reckitt & Colman	25
BAT	1,200	Granada	328	Redland	911
BET	1,400	Grand Met	480	Reed Intl.	450
BICC	703	GUS "A"	589	Reuters "B"	166
BOC	1,300	Guardian R.E.	282	RTZ	453
BPB Inds	111	GKN	742	Rolls-Royce	2,200
BTR	2,000	Guinness	1,600	Rothmans "B"	1,000
Barclays	726	Hammerson	87	Rowntree	370
Bass	439	Hanson	4,300	Ryl Bank Scotland	591
Beecham	827	Hawker Siddeley	516	Royal Insurance	526
Blue Arrow	3,700	Hillsdown Holdings	425	STC	387
Blue Circle	261	IMI	1,100	Saatchi & Saatchi	204
Boots	1,100	ICI	831	Sainsbury	904
Brit. Airways	1,500	Jaguar	2,100	Scott & Newcastle	514
Brit. Aerospace	307	Ladbroke	2,900	Sears	2,300
Brit. & Comm.	347	Land Securities	221	Sedgwick	127
British Gas	5,750	Laporte	52	Shell Transport	918
BP	2,700	Legal & General	1,400	Smith & Nephew	379
Brit. Telecom	3,600	Lloyds Bank	1,500	Standard Chart.	274
Bunzl	78	LASMO	482	Storehouse	390
Burmah Oil	675	Lonrho	431	Sun Alliance	107
Burton	712	Lucas	76	T & N	102
Cable & Wireless	4,900	MEPC	297	TSB	6,600
Cadbury Schweppes	2,600	Marks & Spencer	4,500	Tarmac	1,000
Coats Viyella	1,000	Maxwell Comm.	365	Tesco	2,200
Commercial Union	2,200	Metal Box	825	THORN EMI	379
Cons. Gold	1,500	Midland Bank	1,000	Trafalgar House	973
Cookson	175	NatWest Bank	1,000	Trusthouse Forte	2,300
Courtaulds	127	Next	1,100	Ultramar	2,300
Dalgety	83	Northern Foods	473	Unilever	304
Dee Corporation	2,000	Pearson	705	United Biscuits	1,100
Dixons Group	588	Pearl Group	158	Wellcome	699
English China Clays	472	P & O	1,000	Whitbread "A"	268
		Pilkington	1,600	Woolworth	824
		Plessey	2,300		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	93	15
Corporations, Dominion and Foreign Bonds	1	25	25
Industrials	469	389	707
Financial and Properties	176	154	314
Oils	34	25	50
Plantations	2	1	10
Mines	71	48	85
Others	81	72	123
Totals	840	807	1,329

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
215	F.P.	8/4	278	218	AMI Healthcare 20p	278	+1	R5.0	2.9	2.5	18.9
§130	F.P.	15/4	166	150	Archer (A.J) Hldgs 1p	166		R6.5	2.1	5.4	12.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

March 21	Sch	+ or −
Creditanstalt	2,030	+25
Goesser	2,870	.....
Interunfall	9,740	+10
Jungbunzlauer	6,800	+300
Laenderbank	360	+5
Perlmooser	655	+5
Steyr-Daimler	95	+1
Veitscher Mag	695	+25

BELGIUM/LUXEMBOURG

March 21	Frs.	+ or −
B B L	2,825	+25
Banque Gen. Du L.	13,600	.....
Bank Int. A	13,100	+100
Bekaert B	9,320	−170
Ciment CBR	5,260	−40
Cockerill	182	−2
Colruyt	7,850	+50
Delhaize	4,400	+250
EBES	4,900	+100
Fabrique Nat	780	+44
GB Inno BM	1,240	−32
GBL(Brux)L	3,105	−15
Generale Bank	5,610	+10
Gevaert	7,330	−120
Hoboken	7,270	−30
Intercom	3,875	+25
Kredietbank	3,900	+90
Pan Holdings	11,100	+100
Petrofina	11,300	+50
Raffinerie Tirle	1,488	−10
Royale Belge	5,680	+110
Soc Gen Belge	8,060	+460
Sofina	12,425	−75
Solvay	11,450	−50
Stanwick Intl	150	.....
Tractebel	7,010	−80
UCB	8,740	−160
Wagons Lits	5,030	+20

DENMARK

March 21	Kr %	+ or −

FRANCE

March 21	Frs.	+ or −
Emprunt 4.5% '73	1,599 #	.....
Accor	357	−18
Air Liquide	472	−6
Alcatel	1,830	−62
BIC	621	−16
BNP (Cert. Inv.)	228	−7
Bongrain	2,049	−45
Bouygues	753	−29
BSN Gervais	3,910	−104
Carrefour	2,129	−1
Club Mediterranee	430	−12
Cie Bancaire	419	−23
Cie Fin. de Suez	224	−1
Cofimeg	295	+2
CGE	229.9	−3.2
Damart	2,000	−110
Darty	312	−18
Dumez S.A.	525	−1
Eaux (Cie Gen)	986	−44
Elf-Aquitaine	272	−2
Essilor	2,300	−21
Gen. Occidentale	695	−25
Havas	519	−7
Imetal	198.8	−4.7
LVMH	1,775	−17
Lafarge Coppee	1,158	−7
L'Oreal	2,820	−80
Legrand	2,350	−100
Maisons Phenix	48	−1
Matra S.A.	140	−5
Michelin B	182	−5
Midi (Cie)	1,251	+21
Moulinex	54	.....
Nord Est	81	−4
Paribas	310	−3
Pernod Ricard	661	−41
Perrier	598	−12
Peugeot S.A.	940	−13
Printemps Au	395	+2
Radiotech	862	−11
Redoute	2,180 #	.....
Roussel-Uclaf	804	−30
St. Gobain	410	−10
Sefimeg	425	−2
Sfernice	746	.....

GERMANY (continued)

ITALY

NETHERLANDS (continued)

NORWAY

SPAIN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA (continued)

HONG KONG

SINGAPORE

CANADA

TORONTO
Closing prices March 21

MONTREAL
Closing prices March 21

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 35

INDICES

NEW YORK — DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AMEC	375	+ 7
Bryant (D.)	106	+ 10
Copson (F.)	150	+ 25
Crowther (J.)	185	+ 10
Dewey Warren	126	+ 8
Electronic Data	123	+ 12
Estates Prop.	262	+ 12
Evans Halshaw	293	+ 25
Halstead (J.)	253	+ 8
Higgs & Hill	359	+ 8
Howden	125	+ 8
Mackay (H.)	273	+ 12
P-E Intl.	202	+ 9
Pearson	668	+ 11
Rugby	266	+ 6
Tottenham Hotspur	115	+ 7

FALLS

Cable & Wireless	335	− 12
Glaxo	£10 5/8	− 1/8
Guinness	315	− 7
Royal Bk. Scotland	363	− 9
VG Instruments	397	− 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 35

مكتبة الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

AMERICA

Takeover stocks dominate in uninspiring turnover

Wall Street

EQUITIES started the week on a negative note, undermined by profit-taking after the Dow Jones Industrial Average hit post-crash highs last Thursday and Friday and by continued weakness in the bond market, *writes Janet Bush in New York.*

The Dow recovered from a loss of 30 points at midsession to close 20.23 points lower at 2,067.14. Volume was unimpressive with less than 150m shares changing hands. Trading activity continues to be dominated by "story stocks" – companies in takeover battles or other unusual circumstances.

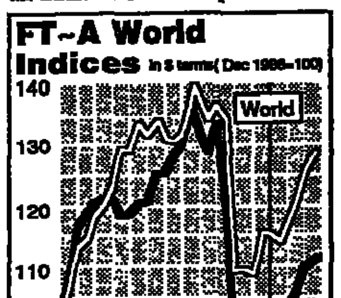
The most notable trend in the market over recent weeks has been the poor performance of blue chip stocks and a much more solid showing from second-tier shares. There continues to be a great deal of nervousness about pushing the broad market up from these post-crash highs.

Stock index futures dropped sharply yesterday morning, reflecting weakness in the dollar and bond prices. June Standard & Poor's 500 futures were quoted more than two points lower.

Yesterday, weakness in the bond market was cited as a cause of the decline in the cash equity market. Bonds fell 1⅛ points on Friday, mostly due to a report by regional Federal Reserve banks showing strength in the economy and signs of rising prices and capacity constraints in manufacturing industry.

Fears of emerging inflation have also been fuelled by rising oil and precious metals prices. Yesterday, crude oil for April delivery jumped 41 cents from Friday's close to $16.99 a barrel, partly reflecting nervousness about a press conference due to be held today by Mr Rilwanu Lukman, Nigeria's oil minister and current president of the Organisation of Petroleum Exporting Countries. There is speculation that price stabilising measures could be announced or an audit of OPEC output.

FT-A World Indices in $ terms (Dec 1986=100)



Bond prices recovered from a midsession loss of around ¾ point to stand around ⅜ point below Friday's close in late trading. The Treasury's benchmark 8.875 per cent issue due 2017 was quoted ⅜ point lower to yield 8.70 per cent. Given the extreme vulnerability of the market, there is some nervousness about demand at this week two and four year note auctions.

Oil stocks were insulated to some extent from falls in the broader market because of rising crude prices. Mobil closed unchanged at $45⅝ and Exxon was also unchanged at $44⅛. Gold mining companies derived benefit from the higher gold price. Homestake closed unchanged at $15¼ while Battle Mountain rose $⅛ to $17⅞.

Takeover stocks again accounted for much of yesterday's activity with several long-running battles again in focus.

Koppers added $3⅛ to $57⅞, taking its share price above the latest takeover offer of $56 a share from a group comprising Beazer of Britain, Shearson Lehman Hutton and Natwest Investment Bank. The previous offer was $45 a share.

The battle for American Standard continued. American Standard gained $⅞ to $76⅞. Black & Decker announced late on Friday that it had increased its offer to $77 a share from $73. Yesterday, Kelso & Co began its $78 a share buyout offer, a deal put together to fend off Black & Decker, and hinted that it would consider raising its offer if necessary.

Roper gained $2⅛ to $55⅞. General Electric yesterday announced it was suing Roper, its target, and Whirlpool, its rival bidder. General Electric's bid has been boosted to $54, topping Whirlpool's offer of $50. General Electric fell $⅛ to $43⅝ and Whirlpool lost $⅛ to $27⅞.

NECO Enterprises gained $⅜ to $21 after its announcement that it had agreed to be acquired by Utilicorp for $22 a share. Utilicorp was unchanged at $19.

Resorts International's Class A shares jumped $3⅞ to $28⅞. Griffin Co said it was considering increasing its offer of $35 a share while Mr Donald Trump said he wouldn't raise his $22 a share offer for Resorts.

Eli Lilley added $⅞ to $85⅝ after television coverage of a drug being tested which is claimed to restore sexual drive.

John O Butler, the toothbrush manufacturer, jumped $10 to $23⅝ after news that it has agreed to be taken over by Sunstar of Japan, the toothpaste manufacturer, for $25 a share.

Canada

Share prices in Toronto gained slightly in quiet trading as rising gold issues offset small declines by base metals and industrials.

The composite index, which fell about five points in earlier trading, gained 1.5 to 3324.1 on light turnover of 16.3m shares.

SOUTH AFRICA

THE FIRMER bullion price helped Johannesburg gold shares to a slightly higher close in thin trading, with mining houses mostly little changed and industrials mixed to lower.

Vaal Reefs put on R4 to R250, *Kloof R1 to R31.75 and Randfontein R2 to R230 among leading golds.*

Diamond share De Beers added 30 cents to R28.60. Platinums were mixed, with Lebowa continuing to benefit from the premium in the platinum price over gold with a rise of 20 cents to R3.35 while Rustenburg was unchanged at R29.25 and Impala lost 60 cents to R36.25.

In mining houses, speculation continued about a deal between Consolidated Gold Fields, up R1.25 at R47, and Minorco, up R2.25 at R36.25.

Industrials saw SA Breweries rise 50 cents to R16.50 and Barlow Rand shed 25 cents to R19.15.

Playing Belgium's market is being likened to Russian roulette, writes **William Dawkins**

De Benedetti effect changes face of Brussels

INVESTORS on the Brussels stock market are experiencing a heady sense of unreality these days. They put it down mostly, but not all, to the De Benedetti effect.

Of one thing there is no doubt. The Brussels bourse will never be the same again. The market's main return index of capital gains plus income has shot up by just over 37 per cent since the turn of the year. Roughly 10 per cent of this is estimated by Banque Degroof, the investment bankers, to be a direct effect of Mr Carlo De Benedetti's hotly fought bid for Société Générale de Belgique, the country's most powerful holding company.

But even ignoring the fireworks at La Générale, Brussels comes out as one of the highest-flying stock markets in the world so far this year, behind Mexico but ahead of Sweden, Japan and Singapore. The consensus is that it cannot last.

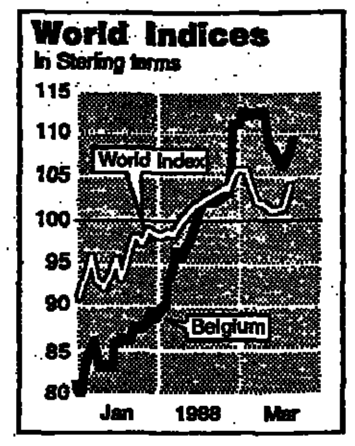
Overall, the market stands on a prospective p/e of 11.4 – with La Générale at a stunning 47 on Mr De Benedetti's latest BFr8,000 ($225) per share offer – while the yield is 3.5 per cent. By the standards of Belgium's unexciting industrial outlook, most analysts believe that is breathtakingly expensive.

"It is a bit like playing Russian roulette. Everybody gets the gun and it has to go off some time. I just hope it doesn't go off in my hands," says Mr Patrick Vermeulen, chief analyst at Brussels stockbrokers Dewaay.

The big British and US institutional investors which provided key support for the Brussels bourse last year are already thought to be marginal sellers and could well be the trigger for an increasingly overdue correction, say London stockbrokers Dillon Reed.

Nobody, however, is underestimating the profundity of the impact of the La Générale saga. Mr De Benedetti and his followers are estimated to have spent at least BFr30bn on buying La Générale shares from mainly small private investors – possibly the biggest heap of entirely new money ever to land on the bourse.

World Indices
In Sterling terms



Adding in the amount of purely domestic buying by La Générale and its supporters, the figure rises to more than BFr100bn, Dewaay estimates.

There has been a spectacular spin-off as sellers of La Générale have looked for new investments, hoping to repeat elsewhere the killing they made from Mr De Benedetti.

One beneficiary has been the bond market, where the yield on long-term government bonds has slipped from 8.5 per cent to 7.5 per cent since the New Year.

More speculative attention has been focused on some of La Générale's main subsidiaries. Here the hope is that loss makers like Gechem in chemicals, or ACEC in telecommunications might turn round faster than expected under the influence of the bid pressure on their parent – or even that they might fall prey to direct bids from a frustrated De Benedetti camp. Both of them have scored more than 50 per cent share price rises since the turn of the year.

La Générale's fate has also driven home to the Belgian investment community the realisation that other blue chips could be vulnerable to takeovers, given the absence of clear requirements to report the building-up of a stake.

The most recent – so far unfounded – takeover scare was at GB-Inno-BM, the supermarket group, which promptly responded by placing new convertible notes in the hands of its supporters, a copycat of La Générale's defence.

Indeed, GB-Inno-BM's 55 per cent share price rise since the turn of the year makes it the hottest performer after La Générale, though a very long way behind the latter's precipitous 251 per cent climb.

Other companies to have received the attentions of La Générale profit-takers include Delhaize and Colruyt in distribution, the *Bekaert* wire maker, Solvay and Petrofina.

Whatever the outcome of the speculation, the experience has woken up the thousands of small Belgian investors who so often hold – and have so rarely exploited – the balance of power of the country's blue chip companies. "Until recently, the small Belgian investor was just interested in collecting his coupon," says Mr Gerhard Rooze, portfolio manager at Bank Degroof.

He adds: "Now all that is changed and they are more interested in the lives of their companies." The companies involved may well have to work harder in the future to win Belgian investors' loyalty.

EUROPE

Profit-taking reduces gains in lively trading

PROFIT-TAKERS came out in force in the main European markets yesterday, although a jumble of corporate news ensured that bourses remained lively. Frankfurt, Milan and Zurich fell back after strong gains last week and Madrid came into the limelight on takeover activity, *writes Our Markets Staff.*

FRANKFURT was hit by profit-taking and news that the Government was meeting the country's three largest banks to discuss privatisation of its remaining VW stake.

The FAZ ended down 3.8 at 472.57 following last week's 5.7 per cent gain.

VW closed DM3.70 lower at DM240.80, and the market heard after its close that the Government would sell its ordinary shares at DM238 from Thursday.

The VW speculation and the lacklustre dollar hit other carmakers, with Daimler shedding DM14.50 to DM691.50 and BMW dropping DM7 to DM533.

The dollar was fixed at DM1.6907 in Frankfurt, down from DM1.6936. Bonds fell by up to 40 points, with the 10-year unit yielding about 6.24 per cent.

MILAN closed lower after heavy profit-taking wiped out early opening gains, and the MIB index fell 6 to 1,120.

Trading remained heavy throughout the session, which ran for more than an hour longer than usual.

The insurance sector was hit hard, with RAS down L2,900, or 6.3 per cent, at L43,000, and Generali dropping L850 to L68,200.

De Benedetti group companies bucked the trend, with holding company Cir – which announced the sale on Friday of its pasta and sweets group Buitoni – rising L300, or 5 per cent, to L6,630. Buitoni put on L845, or 7.5 per cent, to L11,250.

BRUSSELS lacked direction as operators squared positions on the last day of the two-week account of the forward market. *The cash market index put on 33* to 4,953.88.

London

STERLING'S strength and the early setback on Wall Street kept international favourites subdued in London, with Glaxo, Beecham, Pilkington and Reuters all ending on a lower note.

The market was disappointed by the lack of follow-through from Friday and the FT-SE 100 index ended off 14.4 at 1,841.1.

The main excitement came from glassmaker Saint-Roch, which jumped BFr980, or 15.3 per cent, to BFr7,380 on its first day's trading following suspension last Thursday. French parent Saint-Gobain is bidding for the 31 per cent of Saint-Roch that it does not own.

MADRID rose strongly on takeover news and expectations of a *further cut in interest rates this* week or next. Volume remained at the heavy levels of the past week and the general index rose 3.43 to 274.30.

Sugar company Ebro was re-quoted and jumped 2,200 percentage points to 6,000 per cent of nominal market value, the price being offered by Torras Hostench for up to 51 per cent of its stock. But a lack of sellers meant no trade in the stock. Torras, the Spanish arm of the Kuwait Investment Office, rose 100 to 2,650 after starting last week at 2,200.

STOCKHOLM saw reduced institutional demand following recent strong buying and closed mixed, with the Affärsvaerlden index losing 4 to close at 805.

Aga closed down SKr1 at *SKr183, MoDo lost SKr4 to SKr328* with SCA unchanged at SKr338 after the three announced a bid for private energy and forestry group Graningeverken.

ZURICH eased on profit-taking after last week's gains as a weaker dollar and falling New York bonds undermined sentiment. The Crédit Suisse index fell 3.8 to 461.5 in quiet trading.

Nestlé bearers added SFr25 to SFr8,925 against the trend in the wake of its plans to acquire Buitoni of Italy and profits news.

PARIS drifted lower in the run-up to the close of the March trading account tomorrow, with little activity by either domestic or foreign investors.

The opening CAC index slipped 0.6 to 298.5.

Saint-Gobain fell FFr10.20 to FFr410.30. Retail group Au Printemps, bidding for control of mail order house La Redoute, added FFr4 to FFr397. La Redoute remained suspended at FFr2,180.

AMSTERDAM was hit by the lower opening on Wall Street and finished weaker. Good *corporate* results helped push the midday ANP-CBS index up 2.2 to the year's high of 252.8, but the last half hour saw profit-taking as *Wall Street opened.*

ASIA

Corporate news bolsters buoyancy

NEWS of corporate results kept the markets buzzing in the Far East and Pacific yesterday, with Australia receiving an extra boost from *takeover activity.* Hong Kong saw reduced volume, however, as many investors took a rest after strong advances late last week. Tokyo was closed for *Vernal Equinox* Day.

Australia

LEADING industrials closed off the day's highs, but a flurry of takeover news and corporate results helped boost the market across the board, with the All Ordinaries up 18.2 at 1,432.2, its highest since October 23.

Turnover was 160m shares worth A$262m.

In the consumer sector, Petersville Sleigh lost 35 cents to A$2.35 after it announced a A$9 a share takeover bid for Tooth and Co and a two-for-seven rights issue. Tooth shares rose 6 cents to A$7.20.

Bell Resources' announcement that it was withdrawing from its takeover offer for parent company Bell Group came after the market closed, and its stock continued to take cheer from Thursday's news of an *offer from* Sir Ron Brierley and Mr Kerry Packer. It rose 5 cents to A$1.57 on a volume of 1.95m shares.

Bell Group lost 4 cents to A$1.78, *while Sir Ron's Industrial* Equity rose 4 cents to A$1.67 and its associate Brierley Investments gained 3 cents to A$1.28. Australia's largest company BHP, in *which Bell Resources has* a substantial stake, added 14 cents to A$7.50 with 4.6m shares traded.

Optimism over half-year results due on Thursday from Pioneer Concrete pushed the stock up 5 cents to A$2.90. Fire protection and security group Wormald, which reported a A$55m interim extraordinary loss, added 5 cents to A$1.67.

Singapore

STRONG demand from *small* investors and institutions helped shares higher across the board in spite of late profit-taking.

The Straits Times Industrial index rose 9.66 to 969.45, buoyed by optimism over the narrowing of *Singapore's trade deficit last* month and by good corporate results.

Buying interest concentrated on Singapore-based stocks and *blue chips, although some* support was seen for Malaysian speculative stocks.

Widespread expectations of good results from NOL again led the shipping issue higher. It added 3 cents to S$1.47 and was the most actively traded, with turnover of 2.7m shares. UES, the engineering group, put on 7 cents to S$1.53 on news that its Malaysian associate had signed a major contract.

Amalgamated Steel Mills rose 8 cents to S$1.54 on its improved interim profit, while OUB Bank fell 6 cents to S$3.40 after reporting a 4.5 per cent drop in annual earnings.

Malayan Breweries was the day's biggest mover, up 55 cents at S$10.30. Singapore Land lost 5 cents to S$6.10 after recent gains on takeover speculation.

Hong Kong

BLUE CHIPS which have yet to announce profits were the focus of attention, but the market closed barely changed in moderate trading.

The Hang Seng index eased 4.8 to 2,602.8 on turnover of HK$909m, compared with HK$1.5bn last Friday. Investors were either switching into blue chips which will soon report results, or remained reluctant to commit themselves after strong gains on Thursday and Friday, when the market reached its highest level since the crash.

Cathay Pacific lost 5 cents to HK$7.10 on profit-taking after reporting a 71 per cent increase in 1987 profits. Its parent Swire, which releases its annual results on Thursday, ended higher, with Swire A gaining 10 cents to HK$18.20.

Hongkong Land shed 15 cents to HK$7.80, having reported a 20 per cent profits rise on Friday.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MARCH 21 1988					FRIDAY MARCH 18 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (89)	118.68	+2.2	96.33	106.80	3.98	116.18	94.61	104.86	180.81	85.36	117.65
Austria (16)	91.75	+1.4	74.47	80.44	2.61	90.51	73.71	79.61	102.87	84.35	93.94
Belgium (48)	134.86	+0.6	109.47	117.90	4.06	134.03	109.15	117.34	139.89	94.63	118.10
Canada (126)	121 28	+0.0	98 45	109.69	2.99	121.29	98.77	109.69	141.78	98.15	134.31
Denmark (38)	118.38	−0.2	96.09	104.37	2.75	118.66	96.64	104.66	124.83	98.18	111.40
Finland (23)	122.93	+1.3	99.78	104.84	1.90	121.29	98.78	103.69	–	–	–
France (121)	84.00	−1.5	68.18	75.63	4.18	85.25	69.43	77.10	121.82	72.77	117.85
West Germany (94)	80.44	−0.4	65.29	70.67	2.61	80.79	65.79	71.29	104.93	67.78	86.46
Hong Kong (46)	101.77	+0.0	82.61	101.97	4.25	101.82	82.92	102.01	158.68	73.92	110.75
Ireland (14)	122.57	+2.3	99.49	109.20	4.05	119.80	97.56	107.17	160.22	93.50	129.72
Italy (94)	81.69	−0.1	66.31	76.30	2.53	81.74	66.57	76.62	112.11	62.99	103.30
Japan (457)	167.57	+1.1	136.01	134.47	0.52	165.74	134.98	134.47	167.57	100.00	126.11
Malaysia (36)	121.63	+1 1	98.73	120.76	3.20	120.35	98.01	119.61	193.64	93.76	132.14
Mexico (14)	145.71	−0.7	118.28	363.24	0.98	146.71	119.48	366.13	422.59	90.07	139.78
Netherland (37)	109 73	+0.5	89.07	95.08	4.83	109.17	88.91	94.92	131.41	87.70	113.51
New Zealand (23)	79.13	+1.0	64.23	63.31	5.34	78.36	63.81	62.26	138.99	64.42	94.24
Norway (24)	121.60	+2.2	98.70	104.89	2.89	118.93	96.85	102.75	185.01	95.51	126.63
Singapore (26)	114.93	+1.3	93.29	106.74	2.25	113.48	92.42	105.48	174.28	81.21	119.79
South Africa (61)	134.87	+0.5	109.47	79.68	5.33	134.17	109.27	79.27	198.09	100.00	142.47
Spain (43)	147.18	+0.7	119.47	126.16	3.36	146.17	119.04	125.74	168.81	100.00	111.25
Sweden (32)	118.87	−0.4	96.48	105.19	2.65	119.40	97.24	105.83	136.64	88.50	111.87
Switzerland (53)	85.18	−0.6	69.14	73.91	2.30	85.66	69.76	74.64	111.11	73.65	93.89
United Kingdom (327)	139.21	−0.3	113.00	113.00	4.24	139.69	113.76	113.76	162.87	99.65	132.76
USA (585)	109.53	−0.9	88.90	109.53	3.45	110.47	89.97	110.47	137.42	91.21	123.86
Europe (964)	110.21	−0.3	89.46	93.80	3.72	110.53	90.01	94.40	130.02	92.25	113.67
Pacific Basin (677)	163.06	+1.1	132.36	132.01	0.70	161 27	131.33	131.93	163 06	100.00	125.15
Euro-Pacific (1641)	141.94	+0.7	115.21	116.80	1.65	140.99	114.82	116.98	143.65	100.00	120.58
North America (711)	110.15	−0.8	89.41	109.56	3.42	111.05	90.44	110.45	137.55	91.68	124.41
Europe Ex. UK (637)	92.21	−0.2	74.85	81.74	3.25	92.44	75.28	82.25	111.97	78.89	101.86
Pacific Ex. Japan (220)	108.75	+1.3	88.27	100.76	4.05	107.37	87 44	99.59	164.03	82.92	113.34
World Ex. US (1842)	141.16	+0.6	114.58	116.28	1.72	140.25	114.22	116.45	143.38	100.00	121.32
World Ex. UK (2100)	127.94	+0 2	103.85	114.02	2.07	127.67	103.98	114.42	138.82	100.00	121.31
World Ex. So. Af. (2366)	128 89	+0 2	104 62	114.17	2.26	128.69	104.81	114.61	139.47	100.00	122.19
World Ex. Japan (1970)	110.40	−0.5	89.61	103.46	3.57	110.99	90.39	104.15	134.22	92.98	120.52
The World Index (2427)	128.93	+0.2	104.65	113.92	2.28	128.73	104.84	114.36	139.73	100.00	122.32

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90 791 (Pound Sterling) and 94.94 (Local).

Japanese market closed for public holiday on March 21.

SECTION III

FINANCIAL TIMES SURVEY

Over the next few years, nearly £600m will be spent on airports in London and the South East, to meet an expected doubling of traffic before the end of this century. Even before then, planning must start to meet further growth beyond the year 2000, as **Michael Donne** reports.

CONTENTS

The Queen, with Prince Philip, is shown the security system after opening Gatwick Airport's new North Terminal

Alan Harper

London's Airports

Big increase in air travel

THE OVERALL volume of air travel into and out of the UK has been increasing rapidly over recent years, and most expectations are that even allowing for some economic setbacks in the next decade, it will have doubled before the end of this century.

To gauge precisely the likely overall volume of traffic is difficult – air transport is a volatile barometer of economic activity – and there is a wide gulf between the Department of Transport's most recent "low" forecast for the UK as a whole, of 114m passengers annually by the year 2000, and its "high" forecast of more than 169m.

The London and South East area as a whole is expected to gain about 70 per cent of that total traffic, or between 80m and 115m passengers a year, according to the Department - notwithstanding the substantial anticipated expansion of regional airports over the remaining years of this century.

This situation reflects the anticipated continued significance of London as the focus of government, commerce and tourism.

This is not to deny the expansion of domestic and international air travel to, from and through the regions, both for business and tourist reasons.

Already some significant gains have been achieved by regional airports in recent years, notably in Manchester, and on current forecasts these improvements seem likely to continue.

Throughout the country, spending on airport development to meet this inexorably rising tide of passenger and cargo traffic is already substantial and growing, but nowhere is it so marked as in London and the South East.

The most recent estimate is that the BAA plc alone (formerly the British Airports Authority, now privatised) is spending about £560m on the development of its three major airports in London – Stansted, Gatwick and Heathrow – or well over £700m if the spending on the now-completed and functioning new Terminal Four at Heathrow is included.

Currently the most significant development under way is the £290m outlay on the new main terminal for Stansted Airport in Essex.

This is designed to lift the airport's capacity from the present 1m to between 7m and 8m passengers a year by 1991, with potential further growth to 15m (requiring Parliamentary approval), and possible even further expansion to 25m on the single runway, which would require fresh planning permission.

The second is the £200m new North Terminal at Gatwick Airport, south of London, now the second busiest international airport in the world in terms of international passengers handled, after Heathrow itself.

The new terminal, which was opened by the Queen on Friday and which passengers start using today, is designed to cater for up to 9m passengers a year, thereby lifting Gatwick's capacity to 25m a year, the maximum it is believed the single runway can sustain.

There is no possibility of developing a second runway at Gatwick, despite some pressures in favour of such a scheme. Apart from the 40-year legal agreement between the original British Airports Authority and West Sussex County Council which prevents such a development, there is no room for a second runway within the existing airport boundaries; the land has been pre-empted by the new North Terminal and the new cargo area and control tower.

At the same time, environmental considerations, together with existing urban and industrial development, seem likely to preclude the possibility of acquiring additional land outside the existing boundaries.

It has to be accepted, therefore, that once Gatwick has reached its designated capacity of 25m passengers a year by the mid-1990s, Stansted must be regarded as the logical expansion chamber into which increasing traffic will be required to move.

This is because Heathrow itself, although capable of handling up to about 38-42m passengers a year with the opening of the new Fourth Terminal in 1986 and the current £73m refurbishment and expansion of Terminal Three, is unlikely to be able to go beyond that level.

Heathrow, with its two runways, might be capable theoretically of handling up to, say, 50m passengers a year, with the provision of a fifth terminal at the Perry Oaks end of the airport.

But the external infrastructural problems of access by road and rail, and the environmental pressures against any such development, would appear to be sufficiently formidable to rule out any fifth terminal as a viable concept for the late 1990s onwards, no matter how much some airlines, such as British Airways, may press for it.

Even the notion, put forward in some quarters, of a small "commuter-type" runway at Heathrow is effectively ruled out because of the severe air traffic control complications it would entail, even if the land for it could be found.

At the same time, the severe environmental constraints which already effectively shut both Heathrow and Gatwick operationally during the night hours – apart from a limited volume of activity by the quieter types of jet airliners – are likely to become more rather than less severe.

Further curbs on older, noiser jet airliners have been announced for the five years starting on April 1. Therefore any significant further expansion in activity beyond the 38m and 25m passengers a year respectively currently planned for those airports is precluded.

What all this means is that in catering for the future growth of air traffic into and out of the London region as a whole, the debate has to be focussed on three basic options.

The first, inevitably, is the further expansion of Stansted. Although currently planned for 7m to 8m passengers a year, with a limit of 78,000 air transport aircraft movements, it seems inevitable that Stansted will be pushed up to 15m a year within the next decade or so – requiring Parliamentary approval to raise the permitted aircraft movements level.

By the late 1990s, there inevitably will be pressures to expand it even further to cope with some 25m passengers a year, on the basis of the single runway.

That, together with Heathrow's 38-42m, Gatwick's 25m and the expansion of Luton to some 5m a year, would give an overall capacity for the London area of some 97m passengers a year by the end of this century, well above the Department of Transport's "low" forecast of some 80m passengers a year by that time.

But if air traffic growth in London and the South East continues over the next few years at current levels, with overall traffic likely to move above the "low" forecast of 80m annually by the year 2000 and closer to the "high" forecast of 114m, there will be even greater pressures for the further expansion of Stansted – perhaps with the construction of a second runway to enable it to become equivalent in size to Heathrow, handling up to about 40m passengers a year.

This would be the most convenient, if not the most acceptable or palatable, solution. While it is true that in the short term more passengers could be squeezed into existing airport runways and terminals by greater use of larger aircraft (as has been happening at Gatwick), as a long-term solution to the problem of handling more traffic it cannot be relied upon.

This is because it is wholly dependent upon the whims of traffic demand and the airlines' own readiness and abilities to cater for those requirements.

It is also doubtful whether existing individual terminal buildings themselves could cope with the greater passenger volumes without expensive expansion and modernisation, while the resulting road and rail congestion outside the airports probably would be totally unacceptable to local communities.

Also, increasing the number of aircraft movements handled per hour on any given runway is dictated not only by the abilities of terminals to cope but also the ability of air traffic control procedures to handle the larger traffic volumes.

Stepping up the standard busy rate of movements on any runway cannot be done overnight: it requires a massive amount of planning and considerable additional expenditure on expanding the entire air traffic control infrastructure.

The Civil Aviation Authority, reporting recently that in 1987 the air traffic control services throughout the UK had handled a record 3m flights, or 7 per cent more than in the previous year, said it had spent more than £125m in the previous five years on new equipment and was spending another £200m in the next five years to modernise the system.

Many people in civil aviation, including particularly the air traffic controllers, believe strongly that this is not enough, and that to ensure maximum safety in the increasingly congested airways much more needs to be spent to expand and improve the air traffic control system.

It is argued forcibly that while many hundreds of millions of pounds are spent on buying modern jetliners and on building vast palaces of marble, glass and steel to cope with passengers on the ground, by comparison only a very small fraction of those sums are spent on air traffic control, the vital third leg of civil aviation support.

If further expansion of Stansted beyond 7m to 8m passengers a year is not permitted for environmental reasons – which may well be the case given the vigour and power of the environmental lobbies – the only other options would appear to be making much more use of airports outside the region. Birmingham, Manchester, Bristol and Cardiff all come to mind.

Or, alternatively, turning to other airports within the region where runway capacities are currently under-utilised; for example, Manston, Lydd or even Farnborough.

Failing even these possibilities – all of which are worthy of consideration – the final resort would have to be resuscitation of the much-maligned Maplin solution of building a two-runway airport on reclaimed land off the Essex coast.

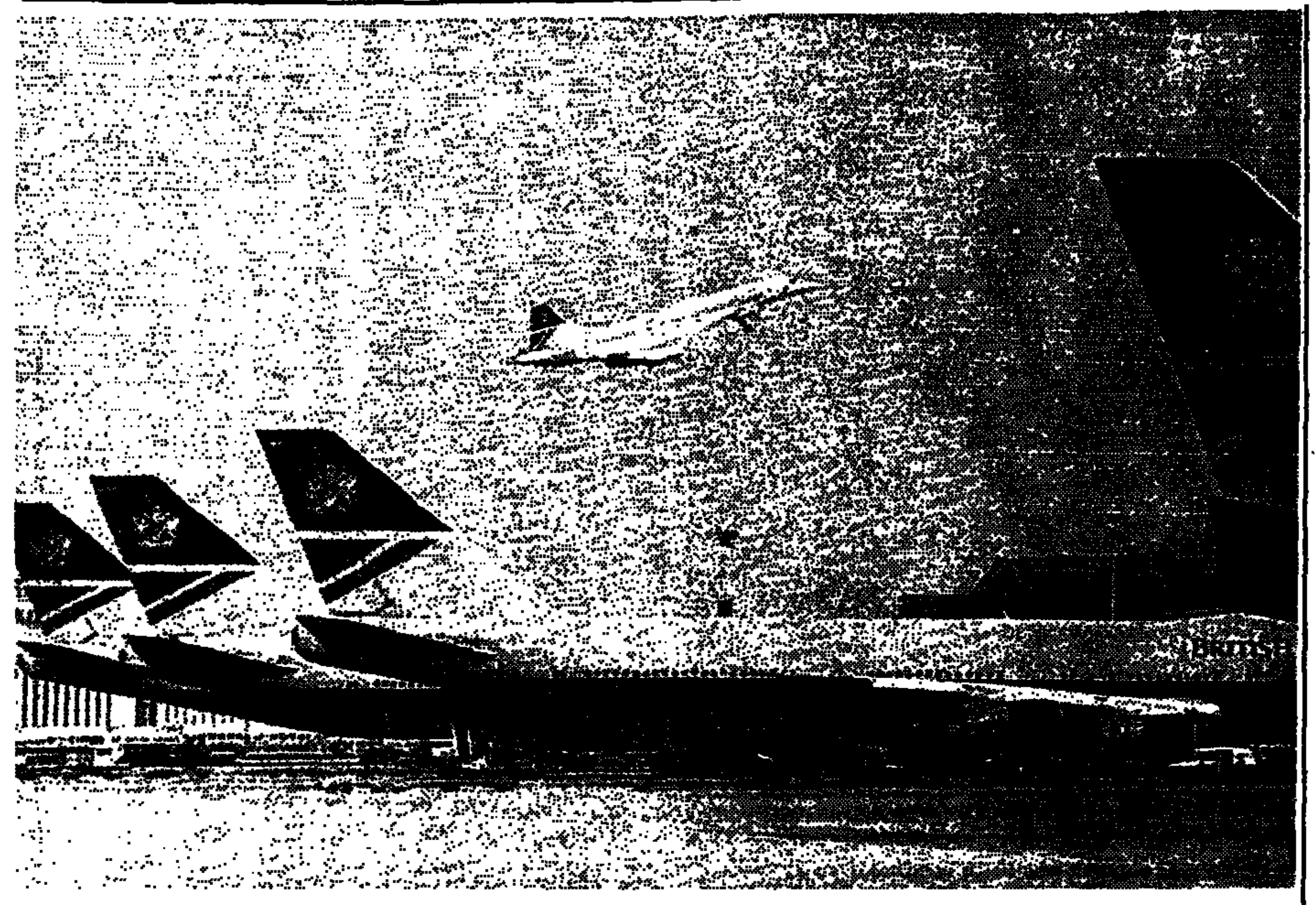
The Maplin project was cancelled by the Labour Government in 1974 after a bitter environmental battle, on the quite erroneous basis that it would have been a waste of resources at a time of acute national economic difficulty.

Yet had Maplin gone ahead, it would by now have been in operation for several years and its existence would have prevented the need for Terminal Four at Heathrow, the new North Terminal at Gatwick and the development of Stansted itself.

The cost of Maplin would also have been far less than the sum of the other airport developments either now completed or currently taking place, while its existence would have also had many beneficial sociological and industrial side-effects, not least the economic regeneration of much of south Essex, still much to be desired.

Whichever one of these options for catering for future traffic growth in the London and South East region is ultimately adopted remains to be seen.

But it is already clear that the debate will be fierce and long-sustained. That it needs to get under way now is dictated by the fact that it takes ten years or more from initial conception of a new runway or airport terminal through to entry-into-service.



Aircraft on turnround wait at the new Terminal Four

40m passengers a year could be reached by 1990

Heathrow plans on track

WITH THE new £200m Terminal Four now fully functioning, and the first phase of the £73m refurbishment and expansion of Terminal Three now also completed, Heathrow is on track towards its planned capability of coping with up to 38-42m passengers a year.

It is already closing in on that target rapidly. During 1987 it handled a total of more than 34.7m passengers, or some 10.9 per cent more than in 1986, with the number of air transport aircraft movements reaching 303,600, or 4.9 per cent more.

If current traffic growth is sustained through the remaining years of this decade, Heathrow may well reach the 40m passengers a year level earlier than originally expected, by the end of this decade.

While it is possible that a few more millions could be squeezed through the existing terminals, to the detriment of travellers' comfort and convenience, the fact that Heathrow will be reaching saturation by about the end of this decade is already encouraging debate over what to do in the early to mid 1990s as traffic continues to rise.

Clearly, the first priority must *be for the Government and Civil* Aviation Authority to maintain a strict policy of keeping additional services at Heathrow to a minimum, *whilst encouraging operators* to move to one or another of the two remaining airports – Gatwick, which with its new *North Terminal can cope with up* to 25m a year (although that now also appears likely to be reached sooner than expected), and *Stansted in Essex, with its new* terminal coping with 7m to 8m passengers a year coming on stream in 1991.

Already, *for example, in its* consultation paper on proposed revised policies for future air transport licensing, the CAA has said it will only license new domestic sheduled services at Heathrow where it is satisfied that the actual and potential user-benefits of such services *over-ride any disadvantages of* overcrowding at that airport.

All new scheduled service applications from UK and foreign *operators will be encouraged to* make the maximum use of Gatwick, with substantial pressures also to encourage them to go to Stansted.

It will become increasingly difficult for any operators to win rights into and out of Heathrow, although undoubtedly there will be considerable pressures from them to acquire such rights, because of the massive inter-connecting facilities it provides as the world's largest airport for international traffic.

Such pressures are likely to be strongest from foreign operators, especially from smaller countries, who will argue that because UK reciprocal services are allowed to fly to their main capital city airports, they should in turn be permitted to fly to Heathrow.

It has already proved difficult for the UK Government to resist such diplomatic pressures, and it will become even more so in the years ahead, but it is to be hoped that the congestion stemming from saturation of Heathrow itself, and the relatively better conditions that will prevail at Gatwick and Stansted, will encourage those operators to accept rights at those airports.

The prospect of Heathrow rapidly approaching its maximum capacity in the years ahead is bound to fuel the debate for provision of another major terminal there – the so-called Terminal Five – which has been much-desired by many airlines serving the airport, not least British Airways itself.

The idea is that such a terminal, designed to cope with up to another 12m passengers or so a year, raising Heathrow's total capacity to about 53m, could be built at the Western end of the airport on land reclaimed from the existing Perry Oaks sewage farm, which would be moved to another location in Buckinghamshire.

But the idea faces formidable opposition. Much of this comes from local environmental lobbies, not just because of the additional noise and pollution from the *substantial volume of additional air*craft movements over the wide area covered by the Heathrow approach and departure paths, *but also because of objections to* relocating the Perry Oaks sewage farm - nobody in that wide area west of London wants the sewage farm dumped on his doorstep.

More formidable opposition is emerging from local authorities surrounding the airport, who *argue that the external infra*structure – electricity, water and sewage facilities, and the roads and railways serving not only the airport but also the local communities – simply could not cope with the additional 12m passengers with perhaps a corresponding number of "meeters and greeters" and all the additional service traffic that a major new terminal would generate.

They argue that the costs of improving the infrastructure outside the airport to cope with the increased passengers and road traffic would effectively double the cost of the terminal building itself, to perhaps an overall £400m or more.

It would be cheaper, and more convenient physically as well as politically and sociologically, for the additional traffic to be catered for somewhere else, for example, by taking the decision to expand Stansted immediately to a full 15m passengers a year, instead of pausing at 7-8m.

It has been argued by some that provision of a fifth terminal at Heathrow and the further development of Stansted are not mutually exclusive, and that perhaps both developments might become necessary around the late 1990s or early into the next century, depending on traffic growth.

Whether that is so remains to be seen. What is rapidly becoming clear, however, is that because of the exceptionally long time-scales now involved in any major new airport developments – up to ten to 12 years from conception to in-service, including the inevitable lengthy public planning inquiries before full design, development and construction can even begin – serious consideration of such matters has to begin now.

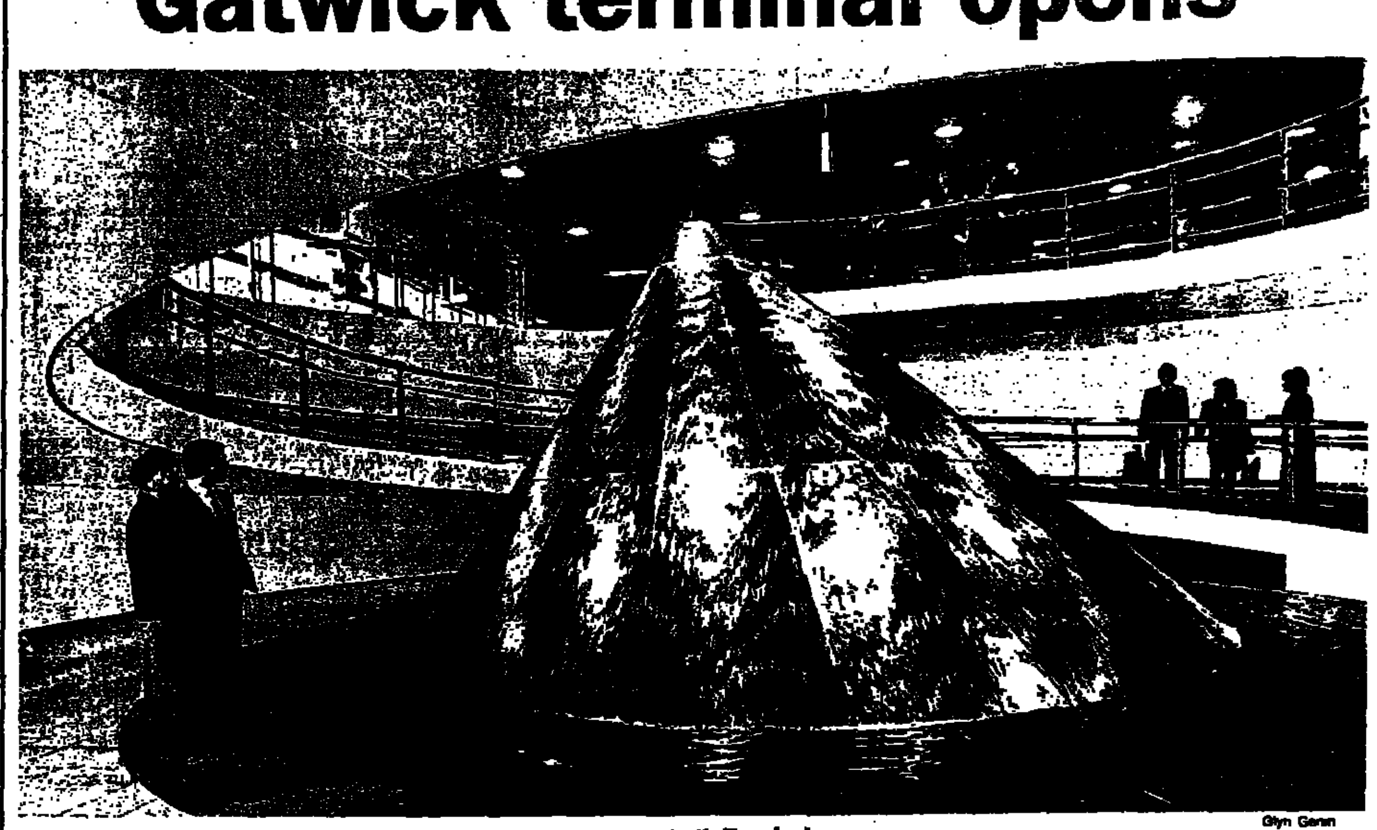
To leave such consideration even for a few more years, on the basis that it is better to "wait and see" what traffic growth emerges and the problems it brings, is simply to repeat the mistakes of the past.

The whole saga of London's airport developments over the past 30 to 40 years has been one of too conservative forecasting, a lack of willingness to recognise *that air transport is inexorably* going to continue growing, with the result that forward planning has been often left too late and *then too timid to achieve lasting* long-term solutions to the problems of growth.

Michael Donne

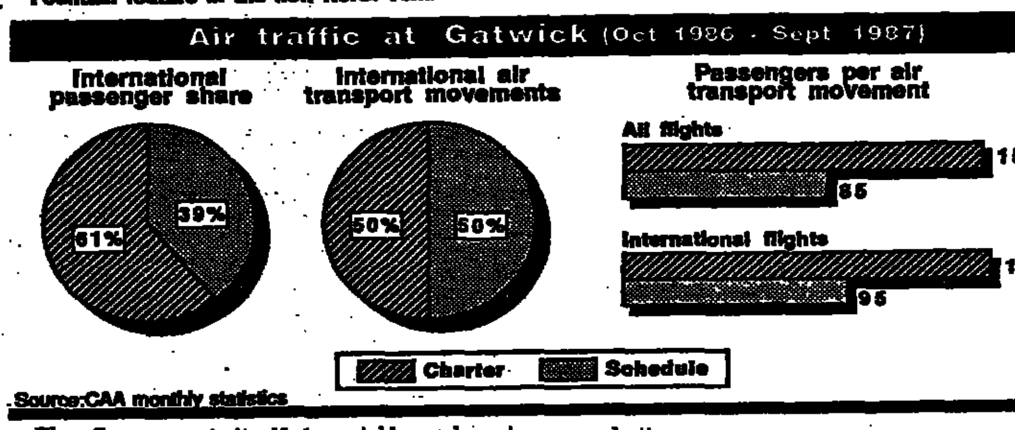
Bigger aircraft are being used to meet the increase in passengers

Gatwick terminal opens



Glyn Genin

Fountain feature in the new North Terminal



WITH PASSENGER traffic at *Gatwick Airport, the second* major airport for London, reaching a record level of over 19.37m last year, or 18.7 per cent more *than in 1986, the new £200m* North Terminal which starts handling passengers today is ready in the nick of time.

Any passenger passing through Gatwick in recent months cannot have failed to recognise that the existing terminal facilities are overcrowded, and at peak times frequently reach saturation, notwithstanding the additional satellite terminal that itself was built a few years ago to ease the strains on the main (now called the South) terminal.

Those existing facilities were originally designed to handle up to about 16m passengers a year, but now are coping with more than 19m.

The new North Terminal (of which British Airways will be the main user) is designed ultimately to handle another 9m passengers a year, bringing the airport's total capacity to about 25m passengers, on the single runway.

But, although only just opening for business, the new North Terminal will be handling immediately up to one-third of its ultimate total capacity, and could itself reach saturation sooner than expected.

Along with passenger traffic, the number of aircraft movements has also increased. During 1987, the total was 171,100, or 10.6 *per cent more* than in 1986.

The smaller growth in movements compared with the 18.7 per cent expansion in passengers is *explained by the increasing use* at Gatwick of larger types of aircraft, as more and more long-haul international operators using Boeing 747 Jumbo jets, Lockheed TriStars and McDonnell Douglas DC-10s move into the airport.

This situation is expected to continue in the immediate future, certainly until the new terminal now under development at Stansted in Essex becomes available in 1991 to act as an expansion chamber to ease the situation in the London and South-East region as a whole.

But along with the increasing use of larger aircraft, there will *also be a continued expansion of* smaller types – Boeing 737s and McDonnell Douglas MD-80 series, for example – as short-haul *domestic and international* scheduled and charter traffic also continues to grow.

Cargo is also an increasingly *significant* element in the mix of operations at Gatwick, with a total of 191,710 metric tonnes handled there during 1987, or 16.7 per cent more than in the previous year, and expansion here is also likely to continue at high rates.

As a result of this growth, the future mix of traffic at Gatwick is now the subject of considerable debate in the UK air transport industry, with considerable differences of view being expressed.

This has been going on for some time, and is not the result of the take-over of British Caledonian Airways by British Airways – although that development has undoubtedly helped to fuel the argument.

Basically, the debate is about the future primary role of Gatwick. *Should it continue to* function as a mixed airport, offering both a substantial volume of charter operations and an increasing volume of scheduled services, both long and short-haul?

Or should its role be changed, with the charter services being progressively reduced in favour of an increase in scheduled *operations?*

Before it was taken over by British Airways, British Caledonian had made it clear for some time that because of rising scheduled airline traffic, the balance at Gatwick should be changed in favour of scheduled services.

BA supports BCal's attitude, for having acquired the latter it intends to continue and expand much of the former BCal scheduled operations from Gatwick, while also increasing charter operations through a new subsidiary, Caledonian Airways, that merges BCal's and its own Airtours charter operations at the *airport.*

The Government itself has indicated that should the level of congestion at Gatwick make it necessary, it would make a "distribution rule" whereby preference would be given at peak hours to scheduled service traf*fic, which would have the effect* of forcing some charter traffic out of Gatwick into Stansted.

The charter operators, however, are already vigorously objecting to such a policy, arguing that they already account for the biggest percentage of all Gatwick passengers, and that the airport's "catchment area" in the *South East has been largely* developed on the back of that type of traffic.

They argue strongly that the financial future of many of the smaller charter operators depends on the availability of Gatwick, and that millions of passengers themselves would be likely to object strongly to being obliged to go elsewhere if charter traffic at the airport were to be in any way restricted.

But they also argue strongly – and with considerable truth – that the longstanding divisions of air traffic into scheduled and charter are now out of date, with the distinctions between them *becoming increasingly* blurred.

Many so-called charter operations are in effect scheduled services, flown to regular timetables and serving many destinations out of Gatwick that are not served by regularly-scheduled airlines.

Moreover, the charter operators point out, with undeniable logic, that to give preference to a *passenger just because he or she* is a scheduled traveller is to create a concept of the charter passenger as a "second-class citizen."

The new North Terminal brings passenger *capacity to 25m, on the single runway*

They rightly argue that this is *invidious* and unacceptable. The charter passenger is frequently paying just as much, if not more, for his flight than many scheduled travellers, and *is entitled to* the same levels of comfort, convenience and safety, both on the ground as well as in the air.

The fact is that some of the charter operators now have fleets of aircraft that are equal to, if not *superior to, those of some sched*uled airlines, and include such modern jets as Boeing 767s, 757s and 737s, as well as Jumbo jets and *DC-10s. The standards of* in-flight service on many of them undeniably rival, if not improve upon, those of some scheduled airlines.

The view of the charter operators is effectively summarised by *Britannia Airways, the second* biggest airline in the UK, which argues that not only have the charter airlines provided most of the impetus towards lower air fares in the UK, but they also have a significance in many *European short-haul markets* that far outweighs that of the scheduled airlines, because of the greater volumes of traffic they carry.

Britannia argues, therefore, that Gatwick should remain as it is now, a mixed-mode airport, with expansion – and the allocation of "slots" (take-off times) – being allowed to develop naturally, with *no* unfair constraints being imposed on the charter side of the air transport industry.

"A change in Government airports policy to give charter airlines equal rights at Gatwick is essential," Britannia says.

Although the Civil Aviation *Authority is currently undertak*ing a review of its policy guidelines for the future issue of air service licences and other aspects *of its regulatory activities, this* does not specifically take into account the question of traffic distribution at London's airports - a fact which has caused some adverse comment by some charter airline chiefs.

The latter believe that, in the light of the BA take-over of BCal, a full review of Government traffic distribution policies for London's airports is overdue. Only such a review, they says, can give them an adequate opportunity to present their case for *security of tenure of charter* operations at Gatwick.

Michael Donne

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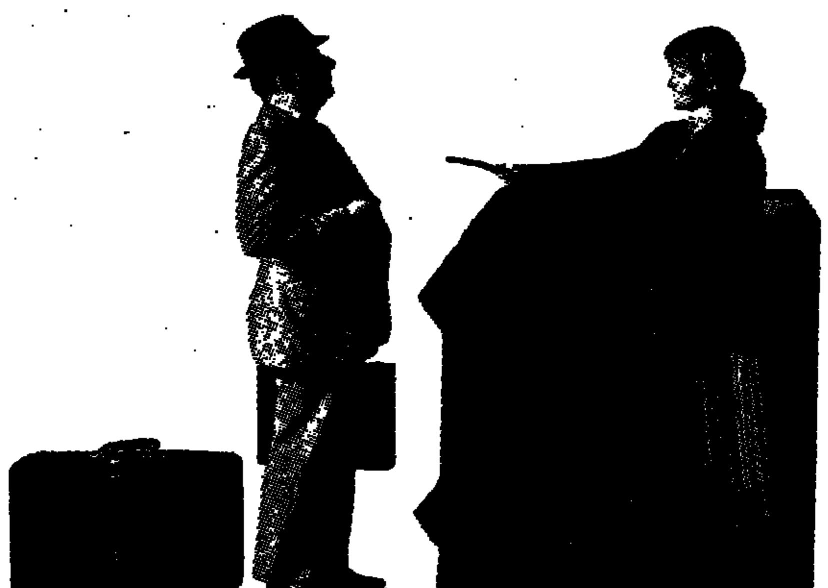
GATQWICK.

(The only queue you'll find at British Airways' new North Terminal.)



Everything about our exclusive new terminal at Gatwick is designed to make travelling faster, easier and more pleasant for our business passengers.

It's quick by road, via the M25/M23 link, with easy access to Arrivals and Departures, and excellent parking for nearly 8,000 cars.

It's quick by rail: half an hour on the Gatwick Express. Trains run every 15 minutes during peak hours.

You can check into our new Gatwick-London Terminal at Victoria, and leave your luggage for us to transport direct to the flight.

It's quick when you arrive off the train at Gatwick. Just hop onto the rapid transit monorail which speeds to our new North Terminal every three minutes.

It's quick checking in. There are 42 desks to minimise any queuing with separate desks for British Airways First Class, Club World and Club Europe plus British Caledonian First and Super Executive Classes.

It's quick from check-in through to Departures. Thanks to its innovative design there are no more long-distance walks.

It's quick collecting your baggage. Handling is more efficient, and in the Arrivals Hall your luggage appears promptly at one of seven carousels. And fast as it is, our new terminal has plenty to please the traveller with time to spare: superb shopping, banks, bars, restaurants, and two business lounges.

But for most of our passengers, speed is of the essence, and at North Terminal you'll delight in our 'fast class' service.

Gatqwick. Now it really means business.

BRITISH AIRWAYS

The world's favourite airline.

Business aircraft are fighting for access

Looking to the fringe

HEATHROW and Gatwick remain London's most important business aviation airports, with a considerable fleet of air taxis and company aircraft hangared there, and extensive bases for maintenance and repair.

But Government policy continues to give airline traffic priority over business aircraft movements – particularly at peak hours. As a result, executive aircraft operators and their clients are having to look increasingly towards the ring of smaller airports and airfields on the periphery of the capital.

Many of these have excellent facilities but none is able to offer the combination of facilities which make Heathrow and Gatwick so attractive to the business community: ease of access (although completion of the M25 orbital motorway has made London's "fringe" airports easier to reach), outstanding commercial and technical services, round-the-clock operation, and connections with airline services to destinations all over the world.

Nor is there any chance of Government sanctioning a specialised business airport to serve London on the lines of that at Le Bourget, outside Paris. Although Le Bourget does not boast international airline connections, it is only five miles down the Autoroute from Charles de Gaulle, the main airport for the French capital.

The nearest equivalent in London to Le Bourget is Northolt, a few miles from Heathrow. But Northolt is an active Royal Air Force airfield, used largely for communications and VIP flights, and although it is available for a number of civil business aviation operations, that number is too tightly surrounded by restrictions to make it an ideal concession.

Stansted is the airport which government, the Civil Aviation Authority, and the BAA companies which run Heathrow, Gatwick, and Stansted, would prefer to see expanded as a business aviation centre. With well under 1m airline passengers a year using it at present, and a runway and landing aids to international airport standards, there is no pressure on business aircraft movements as at the other two major London airports.

The BAA has even promised to turn the existing terminal building into a facility for business aircraft users when the new terminal being built on the airport opens in the early 1990s.

Objections to Stansted by the business aviation community are that it is too remote from central London (an objection which should be overcome once the high-speed rail link into the airport from the centre of the capital, now being built, is complete), and that it is on the wrong side of London for the majority of business flights.

By far the highest proportion of those who use business aircraft live or work in the south-west quadrant of the metropolitan area, a sector which, ironically, has only a relatively small number of business airfields.

That imbalance is now being corrected through the opening of an executive aircraft centre, and associated business park, on a 50-acre enclave at the Royal Aircraft Establishment, Farnborough, in Hampshire.

This £60m facility, which is expected to generate up to 2,000 jobs in the longer term, is being developed by Farnborough Aerospace Development Corporation, a consortium led by the Carroll Group of companies. Aircraft will use the RAE Farnborough runway and airfield services, with the use and hours of operation regulated by agreement with the Ministry of Defence and local authorities.

The opening of a mini airport at Farnborough will meet a need in facilities to the south-west of London

The development corporation believes that the adjacent mini-airport will prove attractive to tenants of the business park wishing to move executives, documents and small freight swiftly in and out by air.

The addition of Farnborough to the airport facilities already available for business aircraft at Blackbushe, and at Fairoaks, near Woking, will mean that airborne executives from Berkshire, Hampshire and Surrey will be far better served than in the past.

The area to the north of London is already well covered by business airports, the most important being Luton but with Hatfield, the British Aerospace factory airfield, being developed as an executive aviation base.

Luton has gained the reputation for being one of London's premier "bucket-and-spade" airports, with its concentration of package holiday flights, but there is also a major business aircraft centre there with complete overhaul facilities, and a purpose-built terminal.

Greater London has a number of other small airfields which are used for business flights. Biggin Hill, the former Battle of Britain fighter base in Kent, has been developed for this activity in recent years.

Its drawbacks are that it is difficult to reach – improved access from the M25 London orbital motorway is being considered – and the fact that, as was proved by the temporary closing of the Paris route from London Docklands airport at the turn of the year, the skies on that side of London are prone to overcrowding.

And as a general rule, the pilots of the fast jets and turboprops generally used for business flights do not like mixing, on take-off and landing, with slower light aircraft.

Now that newer helicopters, with two engines giving enhanced safety and with cabins well-insulated against noise and vibration, are in daily operation, an increasing number of business flights to and from the capital are by rotary-wing, rather than by fixed-wing aircraft.

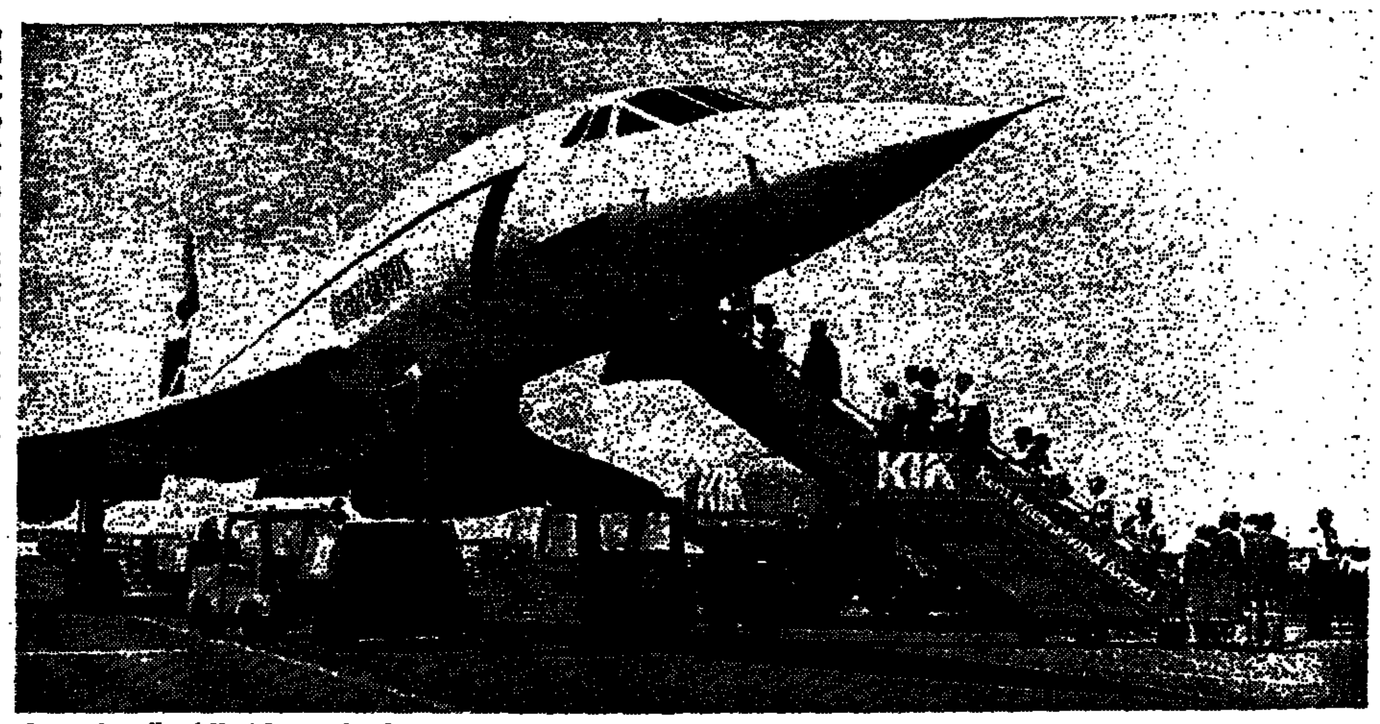
However, the development of heliports has not kept pace with the development of the helicopter, and inner London now has only one such site, at Battersea, following closure of the river heliport in the City. All efforts to open further permanent heliports, near enough to the commercial and financial areas of the capital to make them useful to those who work there, have failed, usually due to environmental and safety considerations.

A further inhibiting factor in the development of business aviation services for London is the difficulty which operators of such business services meet in obtaining Customs clearance at the smaller airports and airfields which their customers find it convenient to use.

Customs and Excise has clear criteria for the volume of use which any airfield must have before it will provide officers on a regular basis. As a result, business flights inbound to the UK often have to land at an airport to clear Customs before flying on to the real destination airport, adding costs and negating, to some extent, the original reason for making the business flight.

However, both Customs and immigration regimes are being slowly relaxed, and British and other European Community nationals are no longer required to have their passports checked every time they leave the country in business aircraft.

Arthur Reed



Concorde calls at Kent International

Lydd/Kent International Airport

Expansion schemes to take overflow

BIG EXPANSION schemes at two airports in Kent – Lydd, on Romney Marsh, and Kent International, formerly Manston, near Ramsgate – will enable them to compete in the future for overflow traffic from the main London airports and for business generated by the Channel Tunnel.

At Lydd, the Lydd Airport Group sees it developing in part as a small parcels centre, with air courier companies flying in loads which would then be sorted and despatched through the tunnel for distribution to destinations in Europe.

Conference facilities at the airport are already being used for meetings between French and British engineers engaged in building the tunnel.

A further plan is to promote Lydd as the arrival point for inward charter flights carrying groups interested in exploring the area's many tourist attractions. A survey carried out by a subsidiary of BAA saw an immediate potential for 389,000 passengers a year, rising to 2.5m by the turn of the century.

Lydd, its owners point out, is 70 miles nearer to mainland Europe than Stansted, offering airlines considerable savings in time and fuel costs.

Other future possible uses for the airport include: a diversion airport for Gatwick and other South East airports in bad weather; as an alternative airport to Gatwick for charters as this type of traffic is squeezed by rises in the number of scheduled services; and as a training base.

Approaches and departures are over the sea and the local environmental problems are not as severe as at some other airports in the region.

Three City institutions are backing the re-development of Lydd, and the results of considerable recent investment can already be seen in the improved passenger terminal building, restaurant, bars, conference centre, executive aviation terminal, and maintenance base.

It was originally planned to build a new 2,100-metre runway alongside the existing 1,504 metre runway at a cost of £5m, but this has now been dropped in favour of extending the present one to 1,800 metres. A planning application for the extension was made recently.

Plans for the longer-term future include a new terminal, and a leisure hotel complex, by which stage the airport could be offering about 500 jobs in what is an area of high unemployment.

A proposal to give the airport the name LA-UK has been shelved and it is now likely to be called Lydd-Ashford, reflecting the closer links with the hinterland which Lydd will have when the new road system towards the Channel Tunnel is complete.

The new roads should end Lydd's remoteness, which has been a major factor thwarting many of the previous attempts since the end of the Second World War to develop the airport commercially.

The future of Kent International Airport on Royal Air Force Manston airfield was shaped early this year as the result of a lease concluded with the Ministry of Defence. Under this, Manston will continue as an operational RAF airfield but KIA took over responsibility for all aspects of the ground handling of civil aircraft, both passenger and freight.

KIA plans to develop further the site leased to it to provide new passenger terminal facilities, freight warehouses, and aircraft servicing. The RAF is expected to receive a substantial increase in income generated by civil aircraft movements which, it is hoped, will be attracted to the airfield, and from the lease of land drawn up with KIA.

When the lease was signed, Mr Clive Bourne, KIA managing director, said: "The successful conclusion of a long-term agreement with the MoD paves the way for us to make a substantial long-term investment at KIA."

Mr Roger Freeman, Under Secretary of State (Armed Forces), said: "Kia's plans will generate substantial employment prospects, which will be of great benefit to the Isle of Thanet. They should also attract increased tourism and trade to the area."

New roads should end Lydd's remoteness, which has been a major factor thwarting its development

First stages of the development plan, designed to fit the airport for a passenger throughput far in excess of the few thousands which have used it in recent years, mainly on holiday flights to the Channel Islands and France, should be completed by the summer of this year.

The plan, as explained to airlines and tour operators, comments: "Kent's position as a major business and industrial centre, which will be enhanced by the advent of the Channel Tunnel, and provides a buoyant market for scheduled and commuter flights to other parts of the UK, to the Continent, and beyond.

"Many of Kent's 1.5m residents would welcome the opportunity to begin their holidays or business journeys closer to home in a relaxed, uncrowded airport environment."

A survey identified a total catchment area population of just over 2m, many of whom are currently obliged to make lengthy journeys along the crowded M25/M23 motorways to Gatwick, Heathrow, or Luton, for flights. KIA has good road links with London via the M2 and M20 motorways.

The airfield at Manston is already used as a diversion base by the RAF and civil airlines in bad weather, a main attraction being its 9,000ft runway. Its present parking apron area can accommodate up to six Boeing 737-size airliners at one time.

The KIA development plan includes provision for a passenger terminal which will ultimately offer 25,000 sq ft of space. This will mean that 500 passengers could be accommodated at one time, and that a mixture of airliners from Boeing 737s up to the size of Boeing 767s could be handled without congestion.

KIA has already seen considerable development as a freight airport, with a throughput of over 20,000 tonnes of air cargo a year. Several freight airlines use it, and more are anticipated when a planned new freight terminal is completed. This will offer about 30,000 sq ft of space, with import, export and transhipment capabilities for all freighter aircraft types up to the size of the Boeing 747.

"The timing of the re-developments will enable KIA to take full advantage of the demand which will accrue from the combination of future projected growth in the air freight industry, and the congestion at Gatwick and Heathrow, which is already a problem, and which will become more acute over the next five years," the airport operator said.

"The major London airports have already introduced peak-hour restrictions for freight aircraft, and it is anticipated that further measures and limitations will inevitably follow."

Arthur Reed

Early turbulence at the capital's newest airport

Route blow resolved

THE RESUMPTION of services to Paris early this year from the newest of London's airports, in the disused docklands, after a month's absence was made possible by revised flight procedures to cope with the crowded airspace of the South East.

The withdrawal of these services from London City Airport, by Brymon Airways and Eurocity Express, was brought about by pilots' concern about flying through airspace that was not monitored by air traffic controllers.

In this age of strict radar control for commercial flights, pilots on the route from London City Airport to Paris had to depend, for part of the route, purely on visual watch from the cockpit to avoid other aircraft.

The route passed nearby Biggin Hill, Kent and Gatwick Airport, both busy flying areas and therefore fraught with difficulties for pilots relying solely on eyesight for safety.

The Civil Aviation Authority suspended the flights from London City Airport to Paris on December 18, after Brymon had insisted that air traffic control on the route was inadequate and unsafe.

The authority disagreed with this claim, but said it could not ignore it and insitgated an inquiry.

The suspension was a disappointment for the two airlines, which began commercial services from the airport at the end of October, amid high hopes for the success of the new type of near-city centre airline services they sought to provide with their de Havilland Dash 7 four-engine short take-off and landing aircraft.

The £32m airport amid the wharves and cranes of the Royal group of docks was the brainchild of John Mowlem, the UK construction company in association with Brymon Airways, the pioneer of the use of the Dash 7 aircraft in UK regional airline services.

Captain Harry Gee, operations director of Brymon Airways, said in explaining the case for suspension that for parts of the flight to and from Paris, pilots had no ground control or support. This was "a most unsatisfactory and dangerous manner in which to conduct a public transport operation", he had said.

The development of the London City Airport was from the beginning an unusual and demanding task. This was because of the unique site for the airport; its relation to the other parts of the London air traffic control region; and the limitations imposed on the type of aircraft that could safely use the airport.

Of these factors, the relationship of London City Airport to the other parts of the air traffic control network has, in retrospect, proved to be the most difficult.

The London Terminal Control Area is the term used to describe the zone of airspace controlled directly by air traffic control operators at Heathrow Airport. This zone or area does not come down to ground level but controls only the airspace above 2,500 feet. This was one of the major problems the airlines that launched London City Airport encountered when services started last autumn.

The London Terminal Control Area covers only the airspace above 2,500 feet. This is the zone used by aircraft flying into and out of Heathrow airport, including the airspace over this height around the London City Airport. The airspace below 2,500 feet is uncontrolled airspace, and the National Air Traffic Control Service recommended that a special rules zone should be established to cover the airspace around the new airport.

The special rules zone requires pilots wishing to enter this airspace to contact the controllers at Heathrow for permission.

London City Airport has no radar of its own and relies for this service on an approach radar control unit installed at Heathrow airport.

The radar service provided at Gatwick was an important factor in the problems encountered by pilots which led to the decision to suspend flights. The Gatwick service had often been unavailable and pilots had to fly through about 50 miles of uncontrolled air space from the docklands.

Flights were permitted to resume from January 20 after the CAA inquiry. Three new routes were made available to the airlines for the flights to Paris, with revised flight procedures. The aim of the revised procedures was to give "assured access for aircraft into controlled airspace much earlier in the flight," according to London City Airport.

Of the two airlines that launched services from London City Airport, Brymon Airways was the old-established user of the Dash 7 and pioneer of the early landings in the disused docklands. The airline has three Dash 7 airliners and has ordered two more for delivery before next April, to serve Amsterdam and Brussels at a later date, still to be decided.

The airline is evaluating other routes, including to Exeter, Jersey, Belfast Harbour and Frankfurt.

The London City airline, which changed its name from Eurocity Express, is about to start services to Amsterdam, as well as continuing its existing services to Paris and Brussels, the same two services operated by Brymon Airways.

The airline has been licensed to fly between the new airport and Manchester, Amsterdam, Paris, Brussels, Rotterdam, Dusseldorf, Guernsey and Jersey.

The airport has many attractions, especially for business travellers starting from the City, just 6 miles away. Drilling is about to start on a westward extension of the Docklands Light Railway to take the line into Bank Underground station. The line will eventually be extended eastward three miles to Beckton, but this will still leave it short of the airport, where low forecasts for passenger traffic have dissuaded planners and builders from funding any immediate extension to the airport itself.

London City Airport admits that "we lost a lot of business with the suspension of the route to Paris". This was a "fairly dramatic blow at such an early stage in the development of the airport".

Passenger loads have varied from "abysmally low to full aircraft." The volume of traffic after the resumption of services to Paris was lower than before the services were suspended.

One estimate from a senior airline manager involved in airline services at London City Airport is that the suspension of the services to Paris set the development of the airport back by between six and nine months, but traffic volumes are picking up again.

Lynton McLain

Bournemouth International

Privatised seasider will look for more charter operators

THE SOUTH Coast of England has two airports whose potential is considerably under-used, at Bournemouth and Southampton. Both are well placed for people who live in the South but well away from Heathrow, Gatwick or the expanding airport at Stansted.

Bournemouth International Airport, to give it its full title, already has two runways able to handle airliners up to DC-10 size although, for full-scale civil airliner operations, the runways would have to be extended by an additional 1,000 feet.

The airport already has a new £2m passenger terminal, which opened in 1986, and it has good rail and road links with the rest of the South of England.

The larger, 7,000ft, runway has an instrument landing system, and both runways have precision approach path indicators.

The airport boasts that its spare capacity is its most important asset. The airport was privatised in April last year and now faces the task of moulding itself to the commercial challenge of filling this capacity.

This room to grow is an undoubted asset, but the attraction of it has to be sold to airlines if the lifeblood of business is to flow.

Nevertheless, the new airport management team, led by Mr Chris Haywood, wants to increase the number of passengers from the 200,000 in 1986, to nearer 1m as soon as practicable.

The airport planners are already waiting to start the second phase of airport development to expand the passenger terminal.

The airport has a thriving community of about 70 companies, in the aircraft and related businesses. These offer maintenance, spares and support facilities to aircraft operators.

At the time of privatisation, tenders were invited for companies to take on the management contract of the airport, before it was eventually decided to keep the management in-house. This was an indication of the interest in its potential.

The airport is now owned by Bournemouth Borough Council and Dorset County Council through a company called Bournemouth International Airport plc. Under the new management team, a commercial zest has been injected into the affairs of the airport, and this summer Yugotours, a charter operator, will be operating holiday flights from Bournemouth to two resorts in Yugoslavia.

At least 390,000 people who use charter air travel live in the airport's immediate catchment area, but less than a tenth of these use Bournemouth Airport; the rest travel to Heathrow and Gatwick.

Of the 600,000 local passengers on scheduled flights to Europe, only about 15-20,000 pass through Bournemouth Airport. This is an indication of the potential at Bournemouth and the management's strategy is to seek more charter operators.

■ Along the coast, Southampton/Eastleigh Airport is also fighting for new business to make use of its capacity. The airport is owned by British Airports International whose managing director, Mr Chris Barlow, said late last year that the company was committed to the future development of routes from Southampton/Eastleigh.

He was speaking after the decision by Aurigny Air Services, the new owners of Guernsey Airlines, to discontinue operations out of Southampton to Guernsey, Jersey and Manchester.

Mr Barlow had said that Aurigny's decision would not be allowed to affect the other passengers at the airport or the future of the airport. "My team and I will negotiate non-stop to guarantee the future of these routes."

In the first seven months of last year more than 155,000 passengers for the Channel Islands flew through Southampton, a growth of 76 per cent over the previous seven months period in 1986.

Lynton McLain

Stansted

£300m investment in world class airport

STANSTED, WHICH was designated London's Third Airport in a government White Paper in June 1985, is being transformed into an attractive new airport with the potential to absorb some of the continued high growth in air transport.

Yet even before its new passenger terminal is anywhere near complete, the London Airports Runway Committee is forecasting the need for the Government to consider urgently more runway capacity in the South East.

This additional capacity is not needed immediately, but will become a pressing requirement by the 1990s, the runway committee believes.

Stansted is a likely candidate for further expansion in the 1990s. Paradoxically, the need for final decisions on such expansion could come at about the same time the new passenger terminal building at Stansted is opened, in 1991.

Stansted is currently undergoing its long-awaited renaissance, with the investment of almost £300m in new facilities to develop the former Second World War US Air Force bomber base from its present status as a second division airport, into a world class international airport.

The go-ahead came in June 1985 when Mr Nicholas Ridley, then Transport Secretary, announced in the House of Commons the Government's decision to expand and modernise Stansted to become London's Third Airport.

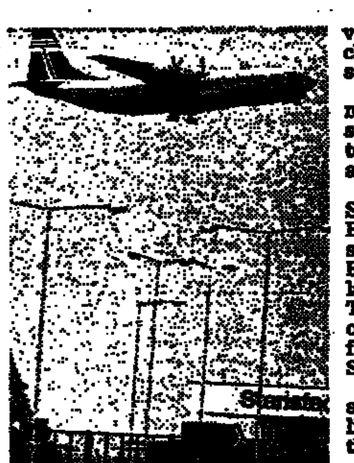
This is a description Stansted's management prefers not to use, because both Stansted and Luton airports have existed for many years serving the South and East Anglia as well as the London area, while Heathrow and Gatwick have been the number one and number two London airports.

The title "third airport" also has associations with the contentious planning applications to build a new airport for London - plans going back decades that included several greenfield site proposals and the ambitious Maplin Sands project for an airport on reclaimed land off the Essex coast.

In terms of the political and planning process there can be no doubt that Stansted is London's third airport. It was the site chosen for raising passenger capacity in the London area, after battles between airport planners, successive Governments and environment and amenity pressure groups.

The Government's 1985 White Paper gave the former British Airports Authority planning permission for expansion on the site of the existing airport so it could handle 15m passengers a year, and a possible eventual capacity of 25m. This compares with capacity of 1.5m to 2m passengers a year at the existing airport.

The crucial point about the decisions embraced by the White Paper is that Stansted's development to 15m passengers a year is to be carried out in phases. The first phase allows expansion to 8m passengers and 78,000 air



transport movements (landings and take-offs) a year and this is proceeding on schedule. The airport management expects about 12,000 people to be employed there when this has been completed.

Mr Colin Hobbs, head of marketing for Stansted Airport Limited, the company which owns and operates the airport under the BAA plc holding company, explains that the Stansted management must go back to the Government for formal approval to increase the airport's capacity to the maximum under present proposals of 15m passengers annually.

At the moment, the airport is operating at a rate of about 712,000 passengers a year through its existing terminal. This excludes the considerable amount of business aviation and cargo activity.

This business air travel is exemplified by the private air operations of Ford of Europe. Last year, Ford carried 70,000 passengers to and from Stansted airport, using its BAC-111 airliners. This takes the overall total of passengers handled at Stansted to almost 800,000.

Overall, the airport had an annual growth rate of nearly 31 per cent last year. This compares with 15.8 per cent for the South East as a whole.

Air transport movements rose by 25 per cent at Stansted, to 20,000 movements last year, again a rate of increase much higher than that for the South East airports as a whole, as recorded by BAA, at 7.6 per cent for 1987.

The airport is the home of Air UK, the regional scheduled airline, which intends to have a big presence at the enlarged Stansted when the new passenger terminal opens in 1991. Other airlines already using Stansted on a regular basis include Air France and Wardair, the Canadian airline.

Jersey European Airways is expected to start services from the airport in the summer. Altogether, scheduled services account for a quarter of all services at the airport, with the rest charter flights and business jet services.

The aim of Stansted's management is to raise the scheduled services to 40 per cent of the total, with charter taking the balance.

One recent disappointment to Stansted was the collapse of Highland Express, the small scheduled airline started by Mr Randolph Fields, who helped launch Virgin Atlantic Airways. This cost the airport an average of 300 passengers a flight and four flights a week from Stansted.

NLM, the small regional offshoot of KLM Royal Dutch Airlines, also stopped trading from the airport.

Charter airlines are expected to make their biggest ever impact this summer, when they plan to increase capacity at the airport by about two and a half times. Mr Hobbs says the airport has taken charter traffic from Luton and Gatwick airports.

The marketing strategy for the enlarging Stansted is to try to capture charter airline passengers who live north of the River Thames. Stansted's managers are content for passengers who live south of the river to fly from Gatwick.

"About 48 per cent of UK-originating holiday passengers using Gatwick start their journeys north of the Thames. All these passengers would be well advised to use Stansted," Mr Hobbs says.

New holiday charter destinations from Stansted this summer include Jamaica, the Dominican Republic and Florida.

The upsurge in interest by holiday charter companies in using Stansted this summer for holiday charter flights is exemplified by the decision by Dan-Air, the London-based airline, to base two of its aircraft at Stansted this summer. Britannia Airways intends to base one aircraft at Stansted and Air UK Leisure intends to base two aircraft at the airport.

The basis of the new Stansted is to be a spectacular new passenger terminal building, which accounts for about a third of the £298m expansion investment at the airport. Two hotels are to be built at the site, possibly in partnership with the BAA.

The existing passenger terminal will be used for general aviation services when the new terminal is opened.

BAA has taken considerable trouble over landscaping and pollution control, in response to the pressures of local people and environment groups at the time of the planning procedures for the Third London Airport. This work includes the planting of 250,000 new trees.

The new terminal building has been designed so that it can be "stretched" to take account of the potential for increasing the facilities to 25m passengers a year.

The initial new terminal will have two satellites, with one to be open in spring 1991 when the terminal opens and the second when demand justifies it.

Lynton McLain

Departure lounge at Luton Airport: further expansion may be necessary to deal with peak traffic

Key departure point for charter flights north of the Thames

Luton proves it is indispensable

LUTON International Airport, 50 years old this year, is one of the essential pillars supporting the steadily rising demand for air travel in the London and South East area.

Luton has a reputation as a relatively easy to get to – if you live north of the Thames – airport for holidaymakers on holiday charter flights.

Holiday charters still make up most of Luton's airline business, but as Mr David Bates, the airport director, said recently: "Our charter airline customers have gone a very long way in improving their image and in-flight service which now equals that of the very best scheduled carriers."

The charter airlines, such as Britannia Airways and Monarch Airlines, both based at Luton, have fleets of modern aircraft, including Boeing 757, 767 and 737-300 aircraft and they have started to enter the scheduled passenger service business.

Monarch Airlines has offered its own scheduled services, as well as conventional charter operations, since the summer of 1986, to Malaga and Menorca.

Luton has boomed with holiday traffic north of the Thames in the same way that Gatwick has grown south of the river, as the two main charter holiday airports in the south of England. By the end of the 1960s, the airport handled close to 2m passengers, and by the early 1970s 3.25m.

The passenger terminal building opened in 1966, but it was almost immediately swamped at peak holiday times. The Government would not give permission for any expansion of the passenger terminal facilities and at one stage it was proposed that Luton Airport should close in 1980, when a long-standing commitment to a third London airport – third after Heathrow and Gatwick, but excluding Luton – looked like being realised.

At one point the local council, which owns the municipal airport at Luton, erected a large marquee to handle the overspill of passengers, to much abuse, but Luton had no choice at the time.

In 1978, a Government White Paper underlined the true importance of Luton as an established and indispensable part of the London airport system. This commitment was translated into an £8m expansion programme in October 1980.

The airport authorities expanded the facilities in the passenger terminal building and subsequently transformed the interior of the terminal.

By 1985, Luton had spent £11m in a programme of steady expansion and improvement of the facilities and last year, the airport handled 2.7m passengers.

The airport authority recently commissioned a study by Steer Davies and Gleeve, consultants, to find out how charter traffic will develop into the next century and the likely demand for scheduled airline operations from Luton.

The consultants found that passenger traffic could rise to 3.3m by 1992 and up to about 5m by the end of the century.

Luton Airport management says that about 3.5m passengers can be handled with the present facilities, although this capacity assumes that the total number of passengers is more evenly distributed through each day and through the year, which is not the case in practice, with heavy demand in the summer and winter months, but lower demand at other times.

The airport is already busy and working near capacity at peak times of the year, especially when these coincide with delays to aircraft departures, caused by external factors such as air traffic control difficulties abroad.

The likelihood is that there will probably be some overcrowding. For the airport to cope with the projected total of 5m passengers by the end of the century, further development, probably substantial, is likely to be required.

To attempt to accommodate the projected increases in passenger demand for airport services from Luton, the airport authorities have plans to again extend the existing passenger terminal, build a new control tower, provide parallel taxiways for aircraft to speed arriving and departing aircraft, more apron space and other facilities.

The possible developments could take five years to complete, but at the moment Luton has made no firm decisions. Its calculations and traffic forecasts are likely to become more complex as additional airport capacity becomes available at other airports in the South.

Nevertheless, despite the additional capacity that is becoming available, the growth of passenger demand for air services continues to climb.

The Civil Aviation Authority commenting on a recent report to Mr Paul Channon, Transport Secretary, from the runway planning committee, which has been studying the likely demand for additional runway capacity in the South East, said studies need to start soon on how the forecast demand should be met.

Luton Airport has an almost assured place in the continued growth of airport capacity in the region. It is likely to continue to serve a catchment area a good deal larger than that immediately north of the Thames, while recognising the competition that will come with enlarged capacity at Stansted, not far away in mid-Essex.

Lynton McLain

Southend

Contractor's ambitious development plans

AN AMBITIOUS plan for the future development of Southend airport has been drawn up by Airports UK, which took over management of the airport from Southend borough council in March 1985.

The proposals include, in the longer term, extending the main runway from its present 1,600 metres to 1,900 metres, and the installation of an instrument landing system.

Other major parts of the plan are: development and improvement of the passenger facilities to offer an enhanced level of service; development of the freight facilities; modernising the airfield's navigation aids and other equipment; launching a marketing campaign designed to improve public awareness of the airport and improve its image. In addition, Airports UK, which has a ten-year management contract, wants to encourage new services so that traffic is increased; develop private and corporate aviation; and put the airport into profit.

Airports UK made a promising start towards this last aim when, in its first year of the contract, it reported an operational profit of £133,000. This was against the background of a £500,000 loss during the final year of management by the borough council, and a forecast loss by the council for the following year of £750,000.

Passenger numbers rose by a modest 4.6 per cent last year, to 173,000, compared with 166,000 in 1986. The 1986 figure was 15.3 per cent down on the 196,000 passengers for 1985, this large decline being caused by the suspension, owing to problems with coach licensing, of a Southend-Ostend-Frankfurt coach-air service.

The Southend-Ostend service was resumed in May last year, and the Frankfurt coach link is due to be re-started this March.

Air freight passing through Southend during 1987 showed a decline of 6 per cent, at 23,200 tonnes, compared with 1986. The 1986 figure of 24,700 tonnes was 9.8 per cent up on 1985 which, in turn, was 4.6 per cent up on that for the previous year.

The airport has a mix of scheduled and charter passenger services, one of the most successful in the former sector being that operated by the Danish airline Maersk Air to Billund. This carried a total of 24,500 passengers during 1987, an increase of 9.6 per cent over 1986. Maersk brings its passengers down to Southend by rail from Liverpool St Station, London, where it has a lounge and attendant staff.

Other scheduled services operating out of Southend this year include: National Commuter Airways/Sabena to Brussels, and British Air Ferries, under the title Euroskyhop, to Amsterdam, via Ostend. New services planned are: Euroskyhop to Frankfurt, by way of Ostend, Regionair to Rotterdam, and National Commuter Airways to Paris.

Charter flights operate out of the airport to various foreign holiday resorts including the

Southend is busy during the night hours, with a web of freight services carrying general cargo, newspapers and mail to destinations from Dusseldorf to Jersey

Algarve in Portugal, Malta, Malaga on the Spanish Costa del Sol, Palma, Majorca, and to the Channel Islands.

An extensive charter programme to Jersey and Guernsey for this summer was announced in February, with six flights to be operated on Saturdays by Brymon Airways, using Boeing/de Havilland of Canada Dash 7 turbo-props, and a Wednesday flight by National Airways, with a Shorts 330.

Viv Oliver, director of the airport, says: "Jersey and Guernsey have always been popular destinations from Southend, and I am delighted to see tour operators working with us to continue developing these routes."

Southend is a busy airport during the night hours, with a web of freight services carrying general cargo, newspapers, and mail to destinations ranging from Dusseldorf to Basle, from Jersey to Liverpool. There are 12 freight agents on the airport, and they recently joined together, as the Southend Airport Freight Association, to co-ordinate the development of their businesses.

Courier/fast parcels services are also expanding from Southend, with overnight flights to points in Europe as far apart as Stavanger and Dublin, Copenhagen and Basle.

Direct trader input from Southend into the Customs and Excise DEPS computer is due to begin this April, and is expected to lead to an increase in courier and fast parcel services through the airport.

Airports UK's optimism for an expanding future for Southend is based to a large extent on the airport's considerable catchment area, which is seen to cover the whole of the county of Essex, with 1.5m people, parts of East London as far west as Enfield, Waltham Forest and Hackney, and areas south of the Thames in Kent, ranging from Bromley in the west, to Gillingham and the Medway towns in the east – reached through the Dartford Tunnel.

Completion of the M25 London orbital motorway has brought more-distant points within reasonable driving distance of the airport, which is 40 miles east of London, a one-hour road journey, under good conditions, or 50 minutes by rail.

Airports UK, which is a wholly-owned subsidiary of British Airports Services, which in turn is part of BAA plc, is also taking into account, in its long-term planning, discussions which are going on towards a third Dartford tunnel, and a project which could cost up to £80m and which would improve access further.

Southend's future inevitably will be overshadowed by the development of Stansted, further north in the same county, as London's third airport, while it will have to compete for passengers to some extent with the new London City Airport, in Docklands.

But there seems to be no reason why Southend should not continue to experience modest development as one of London's friendly, local airports, offering specialised services in the scheduled passenger, charter passenger, freight and business aviation sectors.

Arthur Reed

IN THE continuing debate about the provision of future airport capacity for London and the South-East, one sector of aviation has been given only limited consideration so far, and indeed has been subjected to what many in civil aviation regard as an unreasonable degree of hostility on the part of planning authorities and environmental groups.

Helicopter operations, although small by comparison with the volume of fixed-wing aircraft operations, nonetheless offer a significant back-up to airport operations.

However, the use of helicopters for such purposes as connecting with scheduled and business flights has been heavily restricted in the South East and particularly the London area.

A long campaign of environmental objections, principally against noise but also on safety grounds, has severely limited the number of bases in the London area. Where helicopters are used for such work as police surveillance, they are based outside the main London built-up area.

A number of the helicopter sector's difficulties are of its own-making. Some helicopters are noisy, and some operators, either company or private owners, are not always as meticulous as they could and should be in respecting the interests of those living or working beneath their flight paths.

Moreover, while most members of the public are ready to accept the use of helicopters for manifestly visible socially beneficial roles – search and rescue, emergency ambulance and police work, for example – most are less inclined to accept that the private use of the helicopter for wider industrial and commercial purposes is either necessary or even desirable.

This stems from the "chairman's toy" or "playboy" image which has plagued the entire arena of general aviation for many years.

The greatest use of helicopters in the UK remains in the support of North Sea oil and gas operations. Indeed, those offshore operations could hardly have been developed so rapidly if the helicopter had not been available.

However, it is the business community which makes the greatest personal use of helicopters, since these aircraft provide swifter transport to and from city centres for industrialists and business users, enabling them to achieve much more in a day than they might otherwise be able to do.

Because of the restrictions on their use, particularly in the London area, there are few "heliports" as such in the UK, fewer still in city centres, and apart from the British Airways' Penzance-Scilly Isles route no regularly scheduled passenger helicopter services.

The only other such service, the Gatwick-Heathrow helicopter link, was cancelled by the Government for both environmental reasons and the debatable argument that with the opening of the

A police helicopter takes off from its Essex base

Helicopters

Powerful restrictions

M25 motorway this air link was unnecessary.

The service had been run for some time with considerable success jointly by British Caledonian Airways on behalf of the British Airports Authority, and its termination in 1986 – despite a recommendation from the Civil Aviation Authority that it should be allowed to continue, cost BCal an estimated loss of £4m revenue annually.

More significantly, the success of the environmental objections to the service has not only effectively discouraged any attempts by other helicopter operators to create a regularly-scheduled inter-airports link in London, but has also established a precedent against the likelihood of any such links, even when Stansted Airport's new terminal comes into use in the early 1990s.

Any attempt to establish such a future link, no matter how desirable it may be in passengers' interests, would be bound to face a formidable environmental opposition that in turn will inevitably cite the Gatwick-Heathrow case as a reason for not allowing such a service. It will be difficult for any future Secretary for Transport to ignore the decision of his predecessor.

In London itself, the only regularly-functioning heliport is that developed by Westland, the helicopter manufacturer, beside the River Thames at Battersea, which has been operating for many years. It is now close to saturation, however, and subject both to strict environmental controls on its operations and no small degree of environmental hostility.

A temporary experimental "helistop" on a barge moored in the River Thames close to Southwark Bridge, at Trigg Lane in the City, was discontinued over a year ago, partly because of strong local environmental objections but also because of the development close by of the new buildings for the City of London School.

No further site has yet been found for it.

Efforts to find a suitable permanent base for helicopters close to Central London have been largely negated, again by environmental objections - notably a plan for a heliport on the side of the river at Bermondsey - while helicopters are banned from the newly-built London City Stolport in Docklands.

The effect of all this is that whereas other major cities overseas have city-centre heliports – Paris has Issy-les-Molyneux while New York has one in Manhattan – London effectively has only the overcrowded Battersea heliport and nothing close to the centre of the City of London itself.

As a result, the helicopter operators are finding it increasingly difficult to serve London in an adequate fashion.

One major helicopter operator stresses: "London is the only major capital city in the world without proper facilities for helicopters. Many overseas business visitors comment forcibly on the inadequacy of our facilities.

"We are already losing money and opportunities because our archaic restrictions on helicopters, and attitudes to them, prevent the senior management of our successful companies from operating as flexibly as they would like."

So far as London itself is concerned, current thinking about a new helicopter base is concentrated on the possibility of siting a new heliport over the Cannon Street railway bridge over the River Thames, where the noise of the aircraft landing and taking off could be expected to be masked substantially by the noise of trains.

The estimated cost of such a development, which still has a long way to go before final acceptance, is about £20m, with some £120,000 already spent on the feasibility studies.

On the assumption that planning consents will take up to a year to achieve, together with a further two years for construction, such a heliport could be in operation by the early 1990s, relieving the congestion at Battersea and ensuring a site for rotary-winged flight in Central London through to the next century.

Progress on the Cannon Street project is necessarily complex and long-drawn out because of the number of different authorities whose interests have to be considered – such as the City of London Corporation, British Telecom, British Rail, Port of London Authority, the Civil Aviation Authority and others.

Michael Donne